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PRESENT-DAY
SOCIALISM
AND THE PROBLEM
OF THE UN-EMPLOYED

G. E. RAINE

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PRESENT-DAY SOCIALISM
AND THE PROBLEM OF THE UNEMPLOYED

PRESENT-DAY SOCIALISM

AND THE PROBLEM OF THE UNEMPLOYED

*A Criticism of the Platform Proposals of the Moderate
Socialists; together with some Suggestions for a
Constructive Scheme of Reform*

BY

G. E. RAINE

JOINT AUTHOR WITH P. C. ELGER OF
"THE CASE AGAINST SOCIALISM"

EVELEIGH NASH

FAWSIDE HOUSE

LONDON

1908

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Dept. of Social Ethics.

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AUTHOR'S PREFACE

THE current year has given us many works upon Socialism, the most important of which are, of course, Mr. W. H. Mallock's *A Critical Examination of Socialism*, and *British Socialism*, by that able writer, Mr. J. Ellis Barker. The fine service which Mr. Ellis Barker rendered in preparing for us his *Modern Germany* has been transcended in the case of his latest book, which should assuredly be read, and retained for reference, by all who are interested in this great subject.

Mr. Mallock's brilliant analytical method has for some thirty years undoubtedly provided the anti-Socialists of Great Britain and the United States with admirable lines of argument, and it might have been thought by many that his remarkable series of works—beginning with *The New Republic*—would

have left neither room nor justification for this little book of mine. However, be that as it may, let me say that I deal with what I would describe as the "live" Socialism of the day. During the last few years I must have attended more Socialist meetings than any other anti-Socialist, and the points which I raise in the following pages are the actual issues which are day after day being presented by Socialists at their countless meetings. More than this, the replies which I give to Socialist assertions and contentions have actually been employed by myself in argument, and it is in the hope that they may be found of value to others that I have collected them here.

In the spring of this year there was published a work which I prepared in conjunction with my friend, Mr. P. C. Elgee, under the title of *The Case against Socialism*. That book was designed to provide speakers and others with facts and figures. To that work the present is, in a way, supplementary and continuous. If *Present-day Socialism* is as kindly received as was *The Case against*

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Socialism, I shall be abundantly rewarded for the many long hours which I have spent in listening in the parks and at street corners to the men who speak under the Red Flag.

G. E. R.

LONDON,

September 30th, 1908.



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PRESENT-DAY SOCIALISM

CHAPTER I

WHERE WE STAND TO-DAY

IN the succeeding pages of this little work I have divided the organised Socialist bodies into those which are Revolutionary and those which are Evolutionary. I have shown that the ultimate aims of both sections are identical, and that the only real distinctions between them are to be found in tactics and methods. If, however, we dismiss Socialism with a review of organised Socialists, we make a lamentable error which may probably cost us dear. Outside and beyond the organised bodies, there is a mass of men and women, drawn from every section of the community. These people are sentimental

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Socialists, theoretical Socialists, Semi-Socialists, and what not. In perhaps the majority of cases they do not even know what Socialism is. From the economic standpoint, they have made no enquiry at all into its doctrines. They realise, however, that there is much that is wrong in our world to-day, and they allow themselves to be drawn further and further into Socialism in a vague hope that the new gospel will prove to be one of deliverance.

It is my belief that this vast constituency which wavers between Individualism and Collectivism will make history for us during the next few years. The Socialists, on the one hand, are, day in and day out, seeking to enlist recruits from this multitude, while the powers that be are attempting to buy them off from Socialism with legislative bribes. But Parliamentary bounties to sections can only be provided at the expense of the whole community. Every time that money which would otherwise be employed in production is withdrawn from production, and is treated as income, so much the worse does our in-

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dustrial position become. If, instead of allowing capital to be invested in undertakings which give work and wages, we divert it for the endowment of temporary and frequently foolish palliatives, we merely increase the number of the unemployed, and swell the army of the discontented, and give the Socialists a new rallying cry. In this way, then, this great mass of people, who at present are not Socialists at all, threaten gravely the economic well-being of the State; in that they are ever ready to join in a Socialist clamour for such abortions of Statecraft as, for instance, the "Right-to-Work" Bill.

There are two ways in which we may bring the Semi-Socialists back to political sanity. The one is by explaining to them what the economic position of Socialism involves, and the other is by removing those evils which by their presence drive these men to deplore the existing system of society. In the first connection it can never be too frequently insisted upon that what all the organised Socialist bodies are working for is an economic upheaval. A little common-sense

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criticism of Socialistic economics may perhaps serve as an adequate antidote to vague sentimentalism.

In my last chapter, I venture to submit that most of our present-day misfortunes are due to our absurd system of production. I contend that if, in this respect, we were placed upon a fair footing with competing nations, the results would go far to remove the causes of discontent. I may be wrong, but I humbly record my belief that we are now in a most critical stage of our national history. The events of the next two or three years will determine whether we are to find work and wages for our unemployed by claiming for them their fair share of the world's productivity, or whether we are to bribe them with palliatives, treat capital as income, reduce productivity itself, swell month by month the number of the workless—and be the catspaws of the Socialists by starving the people into Socialism.

With that great mass of men and women who are to-day hovering on the skirts of Socialism in mind, I submit, with all the

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earnestness at my command, that the only alternative to Socialism is Fair Trade.

And the Socialists have prepared a peculiarly crafty welcome for these waverers. "If you believe in our ideals, join us," they cry. "On no account allow stupid practical questions to puzzle you. Do not ask for a constructive policy. We promise you all that you can possibly want. Let that be sufficient. You really must not ask how we are going to get it for you." No details are vouchsafed as to a constructive policy. The very form which the Socialist State is to take is shrouded in the deepest mystery. "To dogmatise about the form which the Socialist State shall take is to play the fool," writes Mr. Keir Hardie; "that is a matter with which we have nothing whatever to do."¹

The Socialists, of course, claim that "Socialism is the only hope." This involves proof upon two essential points. The one is that the resources of the existing system are wholly exhausted, and the other is that Socialism is itself a practical, workable

¹ *From Serfdom to Socialism*, p. 96.

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scheme. I wish to say quite frankly that it is difficult to satisfy starving men with academic argument upon either of these lines of criticism. The best reply to Socialism is to show that statesmanship can provide work and food. We really have deserved much of the trouble which threatens us at the present time. The Constitution must vindicate itself.

There is much cause for alarm in the advance of organised Socialism. The year 1907 was a record one. Every single organisation gained ground. *The Fabian Society* reports that the year was one of "unprecedented activity," and the membership increased by 75 per cent. in the twelve months. A mass of new literature was issued and the sales exceeded any result previously recorded. The Summer School for Socialists "was a great success, being full from its opening on July 27th to its close on September 14th." Special attention was given to the branches of the Society at the Universities. A significant note, that!

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The Independent Labour Party has a startling record of progress in the past year. No less than 170 new branches were formed, bringing the total up to 545. (They number to-day nearly 700.) The total income of the party showed an increase of 225 per cent. on that of the previous year, as regards central funds alone. "If the purely local accounts of the branches were consolidated it would be found that the total annual income and expenditure of the party is not less than £75,000." There is an astonishing figure for you! In 1907 one Socialist society alone spent £75,000 to advance Socialism. We—the parties attacked—have not spent as many coppers in our defence! During the year the I.L.P. doubled its office staff; and the circulation of its weekly paper, *The Labour Leader*, was also doubled. Nearly £3,000 was the amount realised by the sales of cheap popular literature, and for the most part this sum was made up of pennies.

The Social Democratic Party (previously known as the Social Democratic Federation) has made similar progress.

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The following account is taken from the *Socialist Annual* for 1908 (page 16):—"The organisations in the English movement have responded gloriously to the challenge of their enemies, and, as a consequence, have increased their membership, their number of branches, and have extended their influence to places which a few years ago were absolutely hopeless. The S.D.F. (now the Social Democratic Party), which, as the oldest and most uncompromising body, has the hardest task before it, was able at its annual conference at Easter to boast of having formed over 50 new branches, and 30 others have been formed in the succeeding six months. The I.L.P. is able to boast of close on 700 branches, and being the more wealthy body of the two, is able to keep a considerable number of organisers in the field." The volume of work done by the Social Democratic Party will be indicated by the fact that the income and expenditure of the centre and branches amounted in 1907 to some £15,000. Remembering that the far larger share of the work done is wholly voluntary and unpaid,

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this large sum represents a widespread activity.

But there is an even more important body in the *Clarion Clubs*. These organisations follow, to a large extent, the old Fabian tactics, and work subterraneously and in the dark. It is consequently impossible to obtain any precise details of the movement, but now and again an unguarded admission gives one an idea of the great numbers at work in this way. For instance, the *Clarion* of January 3rd, 1908, refers on page 4 to the fact that there are "some hundreds of *Clarion Clubs* in the country." More than this, in the spring, summer, and autumn months, we know that the land is scoured by *Clarion* vans, manned by able, eloquent, and thoroughly instructed lecturers.

The *Clarion Fellowship* is also an agency by means of which an immense amount of most attractive literature is circulated. Mention should be made of the schools which the *Clarion* organisations and the Fabians conduct; and also of the *Clarion* scouts, a cyclist flying column, in numbers amounting to a

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regiment. This body is highly organised, and its members are detailed at an hour's notice to go anywhere and do anything, from breaking up a political meeting to conducting a demonstration in assertion of the right of free speech. Socialist Sunday Schools are also in the ascendent, and, in spite of a recent campaign against them, they now number one hundred. Twelve new institutions were opened during the past year. Further, in April last, a Teachers' Socialist Association was inaugurated. Anyone who has any knowledge of the way in which Socialists press into their service every opportunity which presents itself of gaining converts will realise what a dangerous body this last institution is.

But more threatening than all these bodies is, to my mind, the Labour Party—the organisation which, until recently, was known as the Labour Representation Committee. Its development stands for the subtlest and the boldest move in the whole world's Socialism. It exploits the Trade Unionists in a way that is simply Machiavellian. Time was

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when the Trade Unions managed their own affairs; but now the men who "boss" the unions in matters of Parliamentary policy are many of them persons who have never done a day's manual labour in their life, and are, consequently, not Trade Unionists at all. The exploitation of the *bona fide* Trade Unionist was made possible by the formation of the Labour Representation Committee—the Labour Party, as it now is—and the extent to which these non-labour men have made good their hold on the Trade Unionists has been manifested by recent events.

A lamentable misconception is prevalent with regard to the result of the recent German elections. The Press of the country announced that Socialism had been routed in Germany. Once again the business man found great comfort in the assurance, and more than ever was disposed to believe that "the Socialism scare" was absurdly overdone. Fortunately, however, the *Times* and some other journals subsequently corrected the error. The German elections took place in January, 1907. It is quite true that the

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number of Socialist members returned fell from 79 to 43. But, in spite of this fact, it is also unfortunately true that the total Socialist poll was increased by one quarter of a million votes. The exact figures are instructive, and should be recorded :—

In 1903, Socialist vote, 3,010,771—
returning 79 representatives.

In 1907, Socialist vote, 3,255,970—
returning 43 representatives.

As an electioneering phenomenon this is memorable, but surely it provides no legitimate source of comfort to the opponents of Socialism. A few months later, in March, the Finland elections took place, and out of a House of 200 members 80 Socialists were returned. The Austrian elections followed in May, and the Socialists increased their party by 72 members. It must not be thought that in various parts of the world the Socialists are advancing merely as a matter of coincidence. While we have been sleeping, they have been holding annual International Conferences during these many years past.

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They are magnificently organised, and are marching along in an unbroken line. When, I wonder, will we call the first International Conference of the opponents of Socialism? Is such a step not urgently required? Do let us wake up at last and make ready to give battle to the peril at our gates.

Let us be not misled by the results of isolated bye-elections. Socialist fortunes in different localities may ebb and flow. The paramount menace, which it is folly to ignore, is to be found in the fact that, win or lose, the organised movement advances resistlessly. The great battalions are waiting an opportunity. Given the moment, they are prepared with the men!

CHAPTER II

WHAT SOCIALISM INVOLVES

PERHAPS the most dangerous Socialists are those who really are not Socialists at all. They are the men and women who, while for one reason and another they decline to accept the new faith in its full economic import, are yet possessed of a yearning for changes on what they vaguely describe as socialistic lines.

We have, for instance, the "Ideal Socialists"—the merest sentimentalists—such as Mr. H. G. Wells and Mr. R. J. Campbell. These irresponsible visionaries—each of whom periodically proclaims his version of the faith to admiring disciples—work an infinity of mischief in ploughing the field for the real Socialist seedsmen. In the House

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of Commons, too, Socialism has many cats-paws. Did not Mr. Keir Hardie¹ boast the other day that the present Government had passed three Socialist measures?

We know, of course, that there is a battalion of masked Socialists on the Liberal benches; but yet the Bills in question would never have become law if those Liberals who are not Socialists had acted upon principle instead of being swayed by sentiment.

The fact really seems to be forgotten that the largest and most powerful Socialist body in the country is the Evolutionary group, who, in deep design and with an infinite patience, are ever ready to exploit their opportunities and make a forward move here and another there, in fulfilment of their plan to obtain Socialism by instalments. The Evolutionary Socialists prate of Idealism. Indeed, they are ever anxious to withdraw from the difficulties of the economic position. But, none the less, it is an economic upheaval at which they are aiming, and their

¹ Mr. Keir Hardie at Dewsbury.—*The Times*, August 3rd, 1908.

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goal is identical with that to which the Revolutionary Socialists are pressing forward.

In another work¹ we have fully described the aims and objects of the various British Socialist Societies, and it will only be necessary for our present purpose to give the following brief summary of these agencies :—

REVOLUTIONARY.

- (1) The Social Democratic Party.
- (2) The Socialist Party of Great Britain.

EVOLUTIONARY.

- (1) The Independent Labour Party.
- (2) The Fabian Society.
- (3) The Labour Party.
- (4) The *Clarion* organisations.

The only real distinction between the rival groups is one of method. The Revolutionary group believe that it is only by force that Socialism can be achieved, and that force they profess they are prepared to exert when the appropriate moment comes. The Evolutionary group, on the other hand, are in-

¹ *The Case against Socialism*. By the present author, in conjunction with P. C. Elgee. Chapter II.

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finitely less crude. Their tactics deserve a detailed exposure, and they will receive it in a later portion of this work, but their main plan of campaign is to impose their Socialism upon us in instalments. We may now, however, record the fact—which will not be challenged—that although there are many Socialist bodies, there is one root principle in Socialism which is accepted by all of them. All the sections of the Revolutionary and Evolutionary groups will admit that the Socialism for which they are working is correctly described as follows:—

“THE SOCIALISATION OF THE MEANS OF PRODUCTION, DISTRIBUTION AND EXCHANGE, TO BE CONTROLLED BY A DEMOCRATIC STATE IN THE INTEREST OF THE WHOLE COMMUNITY, AND THE COMPLETE EMANCIPATION OF LABOUR FROM THE DOMINATION OF CAPITALISM AND LANDLORDISM, WITH THE ESTABLISHMENT OF SOCIAL AND ECONOMIC EQUALITY BETWEEN THE SEXES.”

That is the goal for which Mr. Hyndman,

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of the Revolutionary Social Democrats, is striving, just as it is the aim which Mr. Wells, of the gentle Fabians, has set before himself. The only difference between the two is one of methods. Mr. Hyndman descants pleasantly on the possibilities of dynamite, while Mr. Wells gushes about "goodwill." And let the sentimentalists who had a lump in their throat when they read the speech which Mr. Crooks made on the necessity of feeding the school-children at the cost of the ratepayers remember, I beg, that such, too, is the object which this generous philanthropist—at other folks' expense—has also set before him. Mr. Bernard Shaw, Mr. Keir Hardie, Mr. Philip Snowden, Mr. Ramsay Macdonald, and indeed the whole legion of the men who appeal to us so fervently, and so often, to think socialistically on what may seem to be at the moment mere trifles of domestic legislation, or, perhaps, of municipal management, are all the time moving pawns in the greater game—the last moves of which they craftily hide from us.

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They have one hand at our heart, while the other is fumbling near our pockets. They are pledged by the very constitutions of the societies to which they belong to an economic upheaval; and we are allowing them to score heavy advantages by admiring their beneficent sentiments, instead of analysing the real "business" of their scheme.

Now let us at once see what this Socialism as summed up in the root principle means :—

"THE SOCIALISATION OF THE MEANS OF PRODUCTION, DISTRIBUTION, AND EXCHANGE."

It will scarcely be necessary to distinguish between SOCIALISATION and NATIONALISATION.

We hear, for instance, of a proposal to nationalise the land. That is not, in itself, a socialistic proposal, although I doubt not that the Evolutionary Socialists would welcome it as a half-way house—a step to their real aim.

If the land be nationalised, it will merely belong to the nation, instead of to individual

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landlords. Rent will still be paid, and every tenant—after the deduction of that rent—will be entitled, as he now is, to the product of his labour.

On the other hand, if the land be socialised, rent, as such, will be abolished, and no worker will be rewarded with the direct produce of his labour. That will belong to the State. His reward will be remote—a mere proportional share of the total productivity of all the workers of the State which may be available for distribution. If there be a population of fifty millions, he will get his fifty-millionth share. If he has the misfortune to toil on poor land he will get just the same share as his more fortunate neighbour, who tills rich soil, receives.

There is, however, an even greater distinction than this. Under nationalisation, I presume that the majority of those who were able to pay the necessary rent would be able to obtain land—and they would also be able, within limits, to choose the land which they did rent. Under socialisation, it would be for the State alone to determine whether any

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particular person was to be allowed to work on the land at all, and, furthermore, it would be for the State to say on which land he was to be permitted to labour.

“Socialisation” of the land, then, means that the whole land of the country shall belong to the State, that all the produce of the work done shall belong to the State, too; and that the workers themselves, therefore, shall be the merest State Serfs, without a vestige of personal freedom in the choice of their work. If this be not slave labour, I know not what is.

When next you feel that you are being carried away by the gentle sentimentalists, stifle your sympathy, and ask them to change the subject and dilate for a little upon the monstrous serfdom which is an integral and inevitable part of the economic Socialism to which they have pledged themselves, and for the realisation of which they are working.

Land, however, is only one of the means of production. The whole of the nation's workshops, factories, and mills, together with

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all their plant and machinery, are to be socialised as well. The magnitude of this astounding proposal well-nigh baffles realisation. Recall some railway journey you have made, and the swift passage through great towns. As far as you could see from the carriage windows there were great factories and towering chimneys, and at night, blast furnaces—the State is to own all these. And every mill, factory, furnace, and workshop, in every town and village in the land, besides. Or, stroll about any little town you please, and try to realise that big shops and little shops, mansions and cottages, churches and music-halls, all of these, every one of them is to belong to the State. Private property in anything which is capable of producing wealth is to cease to exist. Possibly, the housewife might be left with her needle, but she assuredly would be deprived of her sewing machine. And, even so, this is not extreme Socialism, mind you. It is merely "Socialism." It is the Socialism of the *Clarion* and the Fabian Society, of the Independent Labour Party, and of the most tem-

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perate exponents. In fact, anything less than this is not Socialism at all.

But the limits of State usurpation do not end here. The means of distribution and exchange are to be socialised also. Here, we would see the greedy hands of the Socialists stretching out and grasping the railways, canals, shipping, cabs and motors, the great stores, with their stocks, and the shops, with their goods—to say nothing of all the notes and specie. Not only is private ownership, in any and all of these things, to be determined; (perhaps an heirloom or two, and one's petty personal possessions apart—things in themselves so trivial that they have value to none but the owner), but private capital in all forms being expropriated, rigorous provisions are to be made to guard against its re-creation.

So this, and nothing less stupendous than this, is Socialism—the resolute aim of those benign gentlemen who seek to soothe us into acquiescence with their appealing sentiments, while they move slowly and surely onwards to this gigantic economic upheaval.

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Their object is to free the workers from what they describe as being the incubus of rent, profit, and interest. The Socialists seek to destroy this obnoxious trinity at the source. They imagine that they can obliterate rent by expropriating to the State the property upon which rent is paid. They profess to be able to eliminate the addition which is made to the sale price of commodities as manufacturers' profit, and produce at the same price as the manufacturer under competition does, and distribute at Social cost price. They actually believe that they could conduct the whole nation's business without capital, and that from their hypothetical earnings no equivalent of interest for future reinvestment would require to be made.

The grotesque fallacies underlying these propositions will be exposed later. Meanwhile, some may ask in what manner the nation's wealth is to be acquired by the State. The Social Democrats would frankly confiscate; the Evolutionary Socialists are ready

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with the sop of some sort of partial compensation.

To my mind, the "method" of acquisition is the most trivial detail, for the Evolutionaryist's concession to what still does duty with him for conscience is an empty delusion. From the instant that the State owns all the means of production, distribution, and exchange, any such compensation is utterly valueless. It can neither be invested nor spent. It would be as useless as the token coins of a past civilisation.

Surely, however, it will be obvious that the difficulties of Socialism will only begin when expropriation has been achieved. What about the control and conduct of the whole nation's undertakings? To-day the nation manages the Army and Navy, and the Post Office—which are puny concerns in comparison with the whole of the trading interests of the land. Yet it is found necessary to place a representative of each of these services in the Cabinet, and to devote a considerable share of Parliamentary time to the

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consideration of these businesses. If, then, the nation is to control every single trade in the land, it is inconceivable that Parliament, or even a group of Parliaments, could get through the work. Can one not foresee Committees which would become bureaucracies, stifled discussion which would shield abuses, and permanent officials who would exalt themselves into indispensable and, consequently, irresponsible plenipotentiaries?

But, after all, we are a business people, and we depend for our very life on the success of the country's business. Socialism, then, becomes the most tremendous business proposal of all time. We are invited not merely to agree to the fundamental inversion of the conditions of one trade, but of all our trades. And this astounding scheme is blandly submitted to us—on a half-sheet of notepaper, so to speak—without the slightest business detail.

Now, who are the men who father the proposal? Have they either business knowledge, or experience? Have they ever

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started a successful business, or controlled one? Let me give a list of the leaders:—

REVOLUTIONARIES.

<i>Name.</i>	<i>Profession.</i>
Mr. Belfort-Bax	Literature.
Mr. Quelch	Journalist.
Mr. Hyndman	Literature.
Mr. V. Grayson	Journalist.

EVOLUTIONARIES.

<i>Name.</i>	<i>Profession.</i>
Mr. Bernard Shaw	Literature.
Mr. H. G. Wells... ..	Literature.
Mr. J. Ramsay Mac- donald	Literature.
Mr. Sidney Webb	Literature.
Mr. Philip Snowden	Journalist.
Mr. Keir Hardie	Retired from mining, now engaged in jour- nalism.
Mr. Blatchford	Journalist.

Without being in any way offensive, one may well ask if there is in all the land a single business firm which would take the risk of engaging any one of these gentlemen as manager, or which would assess the value of such services at even the most modest sum? And yet—oh, was there ever such a stage-

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army of State-builders ! The business basis of the whole realm is to be re-organised—and from Fleet Street ! Business men themselves are of no account at all, and a batch of impassioned pressmen, with a few writers upon economics, a highly imaginative novelist, and a cynical playwright, are to take over all our undertakings—as a going concern. And more astounding still, these worthy people seem to imagine that they can do this with success.

CHAPTER III

THE CASE AGAINST SOCIETY AS AT PRESENT CONSTITUTED

THE Socialist indictment of the existing order is confused, and to a large extent contradictory. The Socialists assert that while the wealth of the country has been enormously increased in the past decade, the workers have enjoyed no corresponding share in this access of fortune. Indeed, they claim that the rich are growing richer, while the poor are becoming poorer. They protest that while "labour is the source of all wealth," the instruments of production belong to the rich. Further, they allege that all the profits of production go to the capitalist, while they have to content themselves with bare wages. They define these profits as the "surplus value" of

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labour, and their contention is that they themselves are the rightful owners of the profits, in addition to their wages. If you ask of them whether the employer should not receive those profits as his reward for risking his capital, they are instantly ready with their own definition of capital. Capital, they say, is "the sum of the instruments of production and of the work of former years." In a sentence, their position is that no one has a right to anything which he did not make. No one made the land, so no one has a right to it. It should therefore belong to everyone—that is, to the State. As for all other forms of wealth, seeing that "labour is the only source of wealth," it is the property of the workers. In the future there are to be no rich men, and if anyone wants his share of what is going he must work for it.

I believe that this general statement of the Socialist attitude will be accepted by Socialists of all denominations. Before I analyse it, we must note what it is that our opponents mean when they refer to the labour which they claim is "the source of all wealth." It

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is a well-nigh incredible fact that almost invariably on the platform, and very frequently in their writings, they exalt purely manual labour as being the sole creative force of the products of the country. They claim that two-thirds of the national income, which they fix at £1,800,000,000, go to the rich, while labour receives a mere pittance—after creating the whole of it—of some £600,000,000. Thus, Mr. Keir Hardie, in describing the condition of the labourer, writes: "For two-thirds of his time he is a slave, labouring not for himself, but for others."¹

The same fallacy is industriously propagated by other Socialist denominations. I will quote the following extract from the manifesto of the Socialist Party of Great Britain:—" . . . the working class gets little more than a third of the wealth produced. Wealth is natural material converted by labour-power to man's use, and, as such, is consequently produced by the working-class alone." This is the kind of trickery by

¹ *From Serfdom to Socialism*, p. 15.

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which the workers are duped, and by which a dangerous class antagonism is being fomented. The suggestion that manual labour exclusively produces the country's output is, on the face of it, preposterously untrue. Let the answer come from a Socialist source. Mr. Sidney Webb, the well-known Socialist leader, has estimated that the amount taken in the form of rent and interest is £600,000,000; he totals the sum which is paid in profit and salaries to those who supply what he himself describes as being "the quite inestimable services of management and direction" at a further £600,000,000, and allots the remaining £600,000,000 to the rest of the workers.¹

Surely he would be a daring disputant who attempted to argue that "the quite inestimable services of management and direction" play no part in the creation of the national wealth! Are the possessors of these qualities, then, not fully as much entitled to their share in the product as are the manual labour

¹ See an article by Mr. Sidney Webb in the *Daily Mail* of January 25th, 1908.

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classes? If that claim be allowed—and no one can seriously contest it under challenge—we find that labour in both forms receives, on Mr. Webb's own showing, two-thirds instead of one.

There, too, we find the answer to those who protest that while in the last decade the national income has vastly increased, labour has not received anything approaching its full share. The fact, of course, is that during that period the sums paid for direction and management have been doubled many times over. Further, the amounts paid to manual labourers have been considerably added to. Who can read a speech made by a Trade Unionist leader without finding recognition of the vast financial improvement which has taken place in the wages of the workers since the inauguration of Trade Unionism? Personally, I think that many of these gentlemen are prone to exaggeration, but the fact that there has been a considerable improvement in the skilled trades is beyond question. Interesting information on the point may be found in the Board of Trade's *Abstract of*

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Labour Statistics, 1905-6, on page 52. This is the latest return, although we do live in the year 1908.

I admit that Mr. Chiozza Money comes to another conclusion. I expected him to do so. Indeed, this versatile statistician usually comes to several conclusions. But, then, his position is an anomalous one. All the time that he can spare from finding figures for the Socialists by way of showing that poverty is intense, he devotes to the construction of quaint diagrams for the Free Traders in order to illustrate the blessed condition of our commerce. Moreover, I really must point out that the conclusions arrived at by this gentleman in *Riches and Poverty* upon the relative increase in wages and capital are vitiated, for the reason that he—in company with his Socialist friend, Mr. Keir Hardie—does not include in wages the whole total which must be credited to “direction and management.”

Let it be noted, please, that I do not for an instant hold that the position of the skilled worker, in spite of the improvement, is what

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it should be. I hope to live long enough to see him benefit by a much closer interest in the profits of his labour, upon lines which are indicated in the last chapter of this work. Furthermore, I am full of compassion for all those who are in the grade beneath that of the skilled man. And, probably, their deliverance will come partly in the same way, and much more considerably, from an alteration in our fiscal arrangements. Upon this head, I cannot refrain from quoting a delightful admission which has been made by no less redoubtable a Socialist than Mr. Blatchford. "It is instructive to notice," writes this gentleman, "that our most dangerous rival is America, where wages are higher, and all the conditions of the worker better than in this country."¹

"Surplus value" is a term which is often on the lips of Socialists. This is Karl Marx's famous theory. We can explain it in a few sentences. It is grounded on the assertion that "labour is the source of all wealth," and that the wages of the labourer are bare sub-

¹ *Britain for the British*, p. 107.

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sistence wages. It is the value in the product over and above the deduction made for wages which is described as the "surplus value." And that, the Socialists claim, should go to labour.

We have already exposed the fallacy which underlies the claim that manual labour is the source of all wealth, and the second allegation—that the "worker" receives a bare living wage—is equally untenable. Lassalle invented this latter doctrine, which is known as "The Iron Law of Wages." A moment's thought, however, will convince us that this fine-sounding law has no existence except in the dreams of scatter-brained economists. If all that the worker could ever wring from the employer were just that bare minimum which was sufficient to keep the worker alive, wages would, of course, be equal, or practically so, seeing that the absolute needs of men only vary slightly. But such is not the case, as we know. The fact, of course, that there are some hundreds of millions of investments which represent working-men's savings gives the lie to this

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silly "Iron Law of Wages"! Why, if there were truth in the doctrine, these Trade Union leaders of ours, instead of glorying in the increased pay which organisation has won, and is winning, for the toilers, would be driven to apologise for their very existence! The truth is that this stupid fiction only lingers amongst the uneducated Socialists—unless there are speeches to be made to a crowd which knows no better.

Surely, one may ask whether the employer who manages his own business is not a potent factor in the creation of those profits out of which the wage fund comes? If management is of no account, how is it that one may go into a manufacturing valley and find mills standing side by side, which work in one and the same trade, which obtain their capital upon terms of equality, and which employ workers of an equal standard—and yet one mill is as much a conspicuous success as its neighbour is, perhaps, a disastrous failure? Now, where do we find that "surplus value" in the case of the failure? In point of quantum of output the mills may be nearly

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identical. The workers may have worked just as well as have the men in the successful mill. In the latter case, there is a surplus value, or, in other words, a "profit." In the other mill there is a loss. Are we not justified in recalling that phrase of Mr. Sidney Webb's, "the quite inestimable services of direction and management"? If they did not produce that "surplus value," what did? Are they to go unrewarded? And what of the people who financed those mills? In the case of the mill which fails, the money is lost. In the other case, where, owing to the exercise of special ability and exertion, the money shows a profit, the "workers" are entitled to that profit—are they? Was there ever such an impudent case of "Heads we win; tails you lose"?

And all the while we hear nothing of the risks which capital runs. In this matter Socialists have placed themselves in an impossible position. One moment they denounce the existing industrial system on the ground that it is disorganised, unscientific, and chaotic, while, in almost the same breath,

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they inveigh against capitalists because of the "bloated dividends" which signalise success. Really, we are entitled to invite these gentlemen to meet together, and try to find some settled convictions. For myself, I believe that if they would exaggerate a little less, and be a little more scrupulous and fair, they might get nearer to truth. They pounce upon those facts which support their purpose for the moment, and forget that others exist. In the recent House of Commons debate on the Eight Hours' Bill for Miners, Labour Members picked out a few of the most successful pits, and then a few of the most prosperous years, and offered these tinselled figures as "evidence" of the enormous profits which they suggested were being made in coal throughout the whole country. I believe that people who are not capitalists have, as a rule, only the barest knowledge of the ups and downs of capital. For such folk, the Seventeenth General Annual Report of the Board of Trade upon Companies will provide instructive reading. Upon page 95 we find that the total paid up capital of all com-

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panies which were on the registers in the United Kingdom on the 30th April, 1908, amounted to £2,123,492,957. This total included the vendors' shares credited as fully paid. This sum gives one something of an idea of what is at stake. On page 115 of the same Report there is given a table which shows the amount of capital involved in liquidations under the various methods since the year 1890. It amounts to £614,504,029. Of this, £341,454,220 stand for vendors' interests, and £273,049,809 were subscribed by the public. The Socialists, who are ever ready on occasion to change their ground of attack, may deem that this is the moment to desist from attacking capital as being a devouring monster, and assail it as being disorganised, incompetent, and a public danger. Nothing to me is more amusing than the way in which they profess to deplore the insecurity of public investments—these delightful fellows who, if they had their way, would leave the public with no money at all to invest.

If, however, we analyse the list of these

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companies, we shall find that many of them were pioneer companies in the best sense of the word. Others, and the vast majority of them, were thoroughly legitimate concerns which had the misfortune to be unfortunate. The outstanding point in our whole commercial history is undoubtedly that it is only by the risk of capital that progress is made, and fresh fields for industry and employment opened up. And whatever the economic form which in the future the State may assume, similar risks must be taken if we are to make any progress at all. In lighting, we have passed from oil to gas, from gas to electricity, and may, in a few months, be scrapping the plant of to-day in order to instal some new illuminant. The millions which have been sunk and lost in these stages are the price of progress. To-day, I suppose that everyone who invests in electricity has in his mind the possibility of losing that money. Is capital, then, to take these risks without reward?

We are told, however, that the present system is "chaotic." There is—say the Social-

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ists—unnecessary and injurious competition, and grave wastage on account of overlapping. That is, of course, a legitimate criticism. But what is the next cry? Competing concerns come together and suggest a method of associated working for the purpose of diminishing competition, and putting an end to overlapping. Then, if you please, these self-same Socialists scream "Trust!" The other night there were two Socialist platforms in Hyde Park. I passed from one to the other. At the first the railways were being denounced because of "the economic waste of rival services," and from the other the same companies were being vehemently assailed because of the "pool."

A great deal of nonsense is talked about "combines." Combines which neither make nor attempt to make a "corner" in the articles which they produce are not only not injurious to the consumer, but actually beneficial. By reason of their large capital, their wholesale production, and their associated working, they reduce the cost of goods. They sell cheaply themselves, and compel

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their competitors to lower prices at the same time, or drop out of the trade. The consumer is able to please himself whether he buys from them or not. They are the very last things which Socialists—of all people—should ever attack; for what is the aim of Socialism if it be not the establishment of one colossal trust, the prices of whose commodities shall be regulated by no kind of competition?

From the producers' standpoint there is something to be said against these Combines. That they are a menace, and only too often the means of destruction of the "little man," is undoubted. Furthermore, it is urged against them that they deal oppressively with those whom they employ. If the latter charge be well-founded, it is comparatively easy of redress. An organised movement for fair wages and fair conditions would have the force of public opinion behind it. The position of the small producer is an infinitely more difficult problem. It is sheer hypocrisy, however, for the Socialists to pose as the little trader's friend, for their scheme is to "wipe

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him out " altogether. They have no solution to offer him except that of complete extinction.

Of course, one of the main grounds of attack is that our existing system creates, fosters, and tolerates an unequal division of wealth. Upon this head, the wildest figures are being circulated, and it is unfortunate that we have no Statistical Bureau worthy the name. At a recent meeting of the Royal Statistical Society Sir Charles Dilke made the striking announcement that the Board of Trade could give a fuller account of Fiji than it could of the United Kingdom, and, on another occasion, Sir Henry Primrose, the late Chairman of the Board of Inland Revenue, admitted that it was impossible to state what our national income is without a margin of two hundred millions. How can we, therefore, divide amongst the various sections of the community an unknown quantity? Mr. Chiozza Money, I am fully aware, professes to be able to achieve this, but, from the statistical standpoint, this gentleman is a "freak." *Riches and*

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Poverty is the title of his book, and it aptly describes the Socialist method of division. We know, however, that our people are not so conditioned. The bold, crude line which the Socialists always draw has no place in fact. Instead of the world being peopled with persons who are either very rich or hopelessly poor, society is in truth a ladder with countless rungs.

Figures apart, then, it will be conceded that the division of wealth is graded, and is shared by a variety of classes in a variety of degrees and circumstances. And this fact, even if it be carefully suppressed by Socialists in their appeals to the crowd, has a potent influence upon their tactics. Shallow observers proclaim that the coming struggle will be one between "the haves" and "the have nots." It will be nothing of the kind if Socialist plans and plottings succeed. They are tireless in their attempts to induce "the little haves" to make common cause with "the have nots" in an assault upon "the big haves." Thus they turn to the man who has worked and has won something, and assure

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him that had he not been "exploited" by the "big haves" his condition would have been far more favourable than it is. Then they pass on to beguile him with the announcement that, under Socialism, all "exploiters" will cease to be, and he, consequently, will receive "the full product of his labour." This is the trick by which the Socialists are capturing men who count. There is only one description for the assurance that under Socialism a man will receive the full product of his labour. It is an unscrupulous lie. I challenge any Socialist to contradict my statement that all that any worker would receive would be his proportional share of the aggregate product of all the workers. Thus, if there were ten million workers, he would get a ten-millionth part of the pooled product of all. However much work he did, he would not receive more; however little he did—if only he did enough to pass muster—he would not get less.

The disastrous effect which such a scatter-brained system of distribution is certain to

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have upon production will be dealt with elsewhere. The facts are, however, pertinent to the Socialist campaign against the rich. Their case is that to-day a few—they describe them as “shirkers”—are permitted to enjoy what they have not earned, with the result that the many—the “workers”—are poor. Their astounding “solution” is a system under which no living worker would receive the thing he earned. They protest that the rich man’s wealth bears no relation to-day to services rendered. Their so-called remedial measure is framed on the basis that no man’s income shall be determined by the value of his services, but solely “according to his needs.” “From each according to his ability; to each according to his needs,” is to be the basis of production and distribution of the Socialist State.

It is idle, then, for the Socialists to denounce the present division of wealth, until they have something better with which to replace it.

But why do they pillory millionaires, and put the very poor upon pedestals? Is it not

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in the belief that our attention will be distracted by the two extremes from the countless numbers who come between? The very rich may well have more than is their deserving; the very poor, it may be, tragically less; but the vast majority of the men who possess thousands and hundreds have worked for their money, and have received it.

If it be true, as we are warned, that a cycle of bad trade is in store for us, we may expect the Socialist denunciation of the division of wealth to become even more vehement and embittered. It should not be difficult, however, to show that poverty and unemployment are in the first place directly due to an imperfect scheme of production. If, then, we are able to prove that in other countries where production is fostered by tariffs there is a minimum of poverty and unemployment, we are at once provided with, at any rate, a partial remedy.

CHAPTER IV

THE SOCIALISTIC SCHEME

THERE are some people who even yet believe that Socialism means a dividing up of everything in the country with an equal share for every one. It does not. It is even more foolish. If everything were divided up—supposing that were possible—and everyone got something, coupled with freedom to start anew, good workers would quickly forge ahead and increase their possessions. Socialism is, however, bound hand and foot to the promise of an impossible equality—an equality of status, an equality of opportunity, and an equality of enjoyment of this world's goods. So the Socialists say: "No. We certainly will take everything that is of real value and which can produce value, but we will retain everything. If we once allow

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special effort to be in any way rewarded, one man will possess more than another. Where, then, will our vaunted equality be?" The anti-Socialist disputant might then retort: "Because some have more than others, the only equality your brain is equal to is to ordain that no one is to have anything." The opponent would make a fine show of indignation over this, and would straightway submit the subtle Socialist "fiction," explaining proudly that although under Socialism nothing of any value would belong exclusively to any one individual, there would be a bounteous compensation for the expropriated, seeing that instead of owning the whole of a few trifles, they would be part-owners of everything.

There are vast possibilities in "part-ownership of everything"; the desirability of the position depends, however, upon the number of the other part-owners. When the man who has anything to lose learns that there are to be as many part-owners as there are people, he describes Socialism as a fraud. The Socialist will at this point profess

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amazement. "You cannot live in two houses; you cannot eat two dinners——" "Do you think I work for my keep?" the provident antagonist will reply. "Is this Socialism of yours nothing better than a scheme to give us a bare living wage?" That blow strikes home. The men who declaim against the "Iron Law of Wages" which they assert dominates the condition of the workers to-day, and allows them nothing more in return for their labours than the bare grudging minimum which enables them to exist, have conceived of an alternate system which—even if in working it realised the expectations formed of it—would enforce in the sternest reality just this self-same law. Under Socialism each man is to receive "according to his needs." Nothing more. The production of all luxuries is expressly banned. In order to shorten the hours of labour, useful productive work alone is to be undertaken; and, to the utmost extent possible, machinery is to replace manual labour.

To-day, Socialists—we observe with amusement—denounce capital on the ground

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that it is a monopoly, and yet in the next sentence or so they inveigh against the present system of production for the reason that it is competitive. The new order which they seek to inaugurate will make consistency upon this point a little more easy for them. They propose to plump for monopoly, and they imagine that they can succeed without competition.

A moment's thought will convince us that the monopoly cry which is raised against capital is curiously empty. In practically every branch of production capital is competing with capital, and the shares of the vast majority of these undertakings are on the market, and may be acquired, as indeed they are acquired, on payment of the value at which they are appraised. Further, the goods which are manufactured in this country are open to the very real competition of the world's factories. Where, then, is that monopoly? Were I not aware that Socialists use their terms loosely, I should probably have dismissed this "cry" at that. I have discovered, however, that what the Socialists

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really intend to convey by the word "monopoly" is this: Nothing in our land which is of value can be acquired except by the payment of money or money's worth. Thus the Socialist position will be clear if in, say, nine cases out of every ten, when they employ the word "monopoly," we substitute the word "capital."

The possession of capital certainly does, in a sense, constitute a monopoly of some of the desirable things of life for the man who has money, when we compare his position with that of the man who has none. And this is the "monopoly" which Socialists propose to abolish.

Socialists protest that the division of capital in private hands is to-day inequitable. Some have too much; some too little; and some have none. Are they prepared with a basis for a re-division? Not for a moment. They run away from the difficulties of the situation, and announce that they will allow no capital at all to be individually owned. We find an analogy in a school-treat on the sands. Pennies are thrown, and the children

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scramble for them. Some outstrip the others, and unequal possessions are the result. Those who have got none run up to the teacher and cry. What is she to do? If she collects them and divides them up equally, those who have run fast and far will say that she is not fair. So she does an amazing thing. She collects them and keeps them. She who dared not divide them equally at the moment, does divide the value of them equally by spending them on some feature of the outing in which all the children share. If after that there were another scramble that day, what a tame affair it would be! The Socialists really propose to do exactly the same. They do not propose to expropriate the capital and means of production, and divide them equally with no regard to individual deserving, for such a course would be too preposterously unfair and foolish. They imagine, however, that if they expropriate this wealth and distribute upon terms of equality the produce of it, the transfer being less direct will be less significant. Furthermore, they realise that it is

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only by the collective retention of the capital for all time that it will be possible to reward the comparatively undeserving, and the deserving, upon an equal basis. To-day, though cynics and failures may so often say otherwise, the best man usually wins. Under Socialism, when he finds that every race is given as a "dead heat," he will be content to come in with the crowd.

I can quite understand the desire of the Socialists to find some final solution of the problem of the distribution of rewards. There were three courses open to them. They might, in the spirit of the genial communists, have said: "You will all get the same"; or, professing to be practical, they might have decided that each worker would receive what he earned; or, lastly, they might show themselves to be gentle taskmasters and generous pay-men, and say: You do what you can; and take what you want."

It is obvious that they have given immense thought to this question. An attractive scheme of distribution is clearly vital to the success of the electoral and other appeals of

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Socialism. So, as was to be expected, they have decided upon the least practicable, and the most popular basis: "You do what you can; and take what you want." That is their choice, only they render it sententiously: "From each according to his ability; to each according to his needs."

It was, of course, obvious from the first that this was the only possible system. Had they fixed upon an equal division of products amongst the workers—irrespective of effort—even they must have realised that it was scarcely likely that there would be anything much to divide. We are most of us "slackers" at heart, I fear, and, if we discovered that we received just as much when we took things easily, and got no more when we worked hard—I imagine that we should decline to make any special effort for the sole object of compensating for the laziness of our fellows.

The second basis was from the first impossible. If each man were paid according to his deserts, there straightway would be re-introduced that wicked competitive system

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which Socialism was to a considerable extent formed to annihilate. Furthermore, there would be inequality, and, even worse, individual ownership. Once again there would be capital in private hands. For, if the man who earned more were not allowed to keep what he got and invest what he kept—the scheme would speedily stand exposed as being nothing less than a State-manipulated fraud.

Another objection to this basis of distribution is that it would be fatal to the professions of the "Ideal Socialists." "Plain living and high thinking" is the watchword of these ethereal but very useful auxiliaries of Socialism. They profess to believe that, in the Socialist future, if everyone is assured of bare material and bounteous intellectual requirements, everyone will have got all that they want, and, indeed, that they would not care for anything more.

A still greater condemnation of a scheme of rewards according to deserts is to be found in the fact that it would be highly unpopular with the great majority. It would

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be irresistibly reminiscent of the individualistic *régime* and of honest work. The charm which Socialism has for the wastrel is to be traced to the belief—which its advocates lose no chance of inspiring—that under its beneficent sway he will get much to which he is in no way entitled at the expense of those who are. Even to-day—thanks to the same Socialism which little by little is worming its way into the Statute Book—the unemployable finds that he can get along one way and another at the expense of the man who works. For such fellows, reward according to deserts would mean sheer starvation; and Socialism, which determines its policy upon not what is practicable and not what is just, makes instant surrender to our moral and industrial scum, who are at once the most numerous and the most enthusiastic of its adherents.

“From each according to his ability; to each according to his needs.” Let us examine this delicious proposal. All that the worker is to receive is the satisfaction of his needs; what he has to contribute is nothing

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less than all that he is able. The Socialists have realised that although the abilities of the people are vastly unequal, their mere material needs are approximately equal. The Socialist State will pay out on the latter, the standard of which will be determined by the requirements of the greatest number, who, we may be sure, would be satisfied with some small improvement upon present circumstances; and the State expects to receive, in respect of the former, just that same strenuous productivity which is exerted to-day on the basis of special rewards.

But is it reasonable to expect that human nature will change in sympathy with an economic upheaval? For centuries the majority of men have worked—not for work's sake, but for what work brings. With some the incentive has been money, and what money commands—enjoyment, the early release from the necessity of earning money, position, place, power, and what not. It is true that a comparative few—men in whose natures the artistic temperament is wedded to a striking improvidence—labour,

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as some of them assert, for art's sake. But even in their case we usually find that those whose work is one of ephemeral value are not only foremost in their attempts to increase that value by self-advertisement, but they are also shrewd enough in their bargainings with theatre managers and publishers when royalties are under negotiation. When the literary man or the artist happens to have anything to sell for which there is a market, he is, as a rule, every bit as keen about trading at the full value as is the "warmest" commercial man in the land. I protest that the alleged artistic scorn of cash is ludicrously overdone.

But what value is there in the artistic analogy which is invariably insisted upon by Socialists when we assert that self-interest is the mainspring of commercial activity? Suppose that some whimsical Evolution played its part, and we changed and became a nation of business folk with the artistic temperament. Does any sane man really imagine that the productivity of the country would be maintained if work were done upon

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the feckless, undisciplined, self-pleasing, work-when-you-are-inclined basis? Disregard for mere money may possibly in some cases be still a characteristic of the artistic temperament, but aversion to discipline, and a loathing of compulsion and sustained effort go with it. We cannot dissect temperaments and take the part which pleases us, and leave the rest. If the business of the country were attempted upon artistic lines, we should be bankrupt and famine-stricken in a month. Unless, therefore, the establishment of a Socialist State is to be postponed to remote ages in the hope that Evolution will work miracles on us, work for what it brings will be the only incentive which will produce sound and sustained effort at all in the masses of the toilers.

It is not, however, the proposal of the Socialists to wait upon Evolution. True, they profess to be Evolutionaryists, but in reality they are alert opportunists. They are even now sparing no efforts in their attempt to work up to a majority in the House of Commons. If ever they get that,

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they will not be allowed to postpone, even should they desire to do so. A Government frequently sanctions the most foolish legislation in order to justify its existence.

But who is to be the judge of a worker's abilities and needs? Who is to decide whether or no each of all the millions of workers is producing as much as he should, and is not consuming more than he ought to do? We are told, too, that our national industry is to be completely re-organised. Who, then, is to undertake this, and select work for the labourers, and labourers for the work? Obviously, there must be some tribunal with full powers of compelling obedience. Now, in the whole range of Socialist criticism this point is the most vulnerable. Socialists, indeed, passionately resent all survey of it. And beyond doubt their position is a hazardous one. Have they not assured the workers that under the existing capitalistic rule they are "wage-slaves"—miserable "serfs" who are being "exploited" by their employers? If, then, the

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only difference between work under individualism and labour under Socialism is a mere change in the *personnel* of the so-called "exploiters," one of the most popular grounds of appeal will be lost to their propaganda. One of the main attractions which Socialism has for the crowd is to be found in the popular belief that under Socialism there will be "economic emancipation," industrial freedom, and personal liberty. But is there a vestige of foundation for any such optimism? If, under Socialism, no one has the right to choose his own work, or to change his occupation for another; if, under Socialism, no man will have the right to determine under whom he will serve, or to discontinue working under a taskmaster who is oppressive; and if, under Socialism, no man has any determining voice in the hours which he shall work or in the holidays which he may take—then the worker will find that the much-vaunted "emancipation" is a myth, and that the promised freedom was a lie.

Please remember that all the able-bodied are to be workers, and that the national pro-

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ductivity is to be maintained. Thoughtful organisation is required for the successful control of even the smallest factory. Under Socialism, however, the whole of the productive industry of the land is to be administered. And this is to be achieved under such conditions as will secure for every single worker an equality of status and of opportunity. There are to be none who are governed, and no "governors." How is the riddle to be solved?

Whenever the Socialists find themselves in an impossible position, they submit a "fiction." In this case it is a sublime one. It amounts to this—that a man who is in a servient or subordinate position is not really in any such position at all, if only he himself selects the persons who place him there. If every man were allowed to choose his own employment, it is obvious that the State could not be maintained for a week. Never mind, assure him that he really will do this, if only he chooses the men who do it for him.

We may turn to Mr. Blatchford for a

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statement of the conventional Socialist attitude upon this point :—

Then, why are you afraid of the Socialist State? A Socialist State would be a democratic State. The word "State," when used by a Socialist, means nation: it means "the people." Use the word "people" instead of the word "State," and the groundlessness of your fears becomes apparent. The people will oppress the people! The people will plunder the people! That is to say, the people will oppress and plunder themselves. But will the people allow themselves to oppress themselves? Will not the people resist themselves? And if the people rob the people, who will get the spoil? ¹

"From this fatuous folly we turn with relief to the sanity of Mr. Sidney Webb.² "To suppose," writes Mr. Webb, "that the industrial affairs of a complicated industrial State can be run without strict subordination and discipline, without obedience to orders, and without definite allowances for maintenance, is to dream not of Socialism, but of Anarchism."

"Strict subordination and discipline—

¹ Mr. Blatchford in the *Daily Mail*, February, 8th, 1908.

² Fabian Tract No. 51, p. 18.

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obedience to orders." These conditions are surely strikingly suggestive of the ordering of our life of to-day. Will the subordination and discipline be less strict, and the obedience less irksome for the mere reason that those who are in authority may happen to have been elected by those who are servient? Has "election" some wondrous quality which takes the sting from authority? Mr. Blatchford's pronouncement is the flimsiest of evasions. It represents the usual Socialist attempt to avoid the exposure of the truth that Socialism in practice cannot, and will not, square with platform promises.

"Democracy can do no wrong"—nothing short of this is the astounding claim, a proposition which the history of the world belies.

It will be admitted that "the industrial affairs of a complicated industrial State" will call for organisers, overseers, and administrators. We will concede that these men will rightfully have no powers other than those which are entrusted to them by those who elect them. We also will grant

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that they will be liable to dismissal. And yet, what safeguards are there here for the protection of individuals? A representative secures popular election for the reason that he is acceptable to the majority of the voters. He can only retain his position by remaining so. He dare not espouse the cause of any single individual, if the claim which is made upon him conflicts with the general interest of the crowd.

Let me give a concrete example. It is obvious—indeed it is admitted by Socialists themselves—that, under Socialism, a man's work would be chosen for him by those elected officials who are responsible for the maintenance of the national output. I take it that the only possible method of administration will be to form selection committees for each trade. We will assume that our applicant has been provided with work in some laborious and inferior branch of industry, and is of opinion that his talents entitle him to a berth in a higher grade. He applies for an exchange, and is refused. Now whom, I ask, will he be able to prevail upon to back

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him? Certainly not the workers in the grade which he seeks to join. The positions in that superior employment are limited, and every fresh applicant threatens the continued tenure of coveted posts. Nor is it likely that any collective support will be forthcoming from the department which the dissatisfied worker seeks to leave. Clearly, the man's demand upon the State would be merely an individual one, and it would be addressed in vain to officials whose only chance of retaining their places would centre in the satisfaction they gave to the majority. The well-placed workers would say to their officials: "We have united for purposes of common defence. Let no intruders threaten any of us. Make a close corporation of this department. You keep us where we are, and we will vote for you every time." And this would be done in the name of "the People"! "Will the People oppress the People"? Mr. Blatchford asks petulantly. Will they not?

The moment it is conceded that, under Socialism, an individual worker must lose the chance of selecting his own employment,

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the foundations of the new faith are undermined. This Socialism which is to secure the Emancipation of Labour—Equality of Opportunity, and what not—so heavily enslaves the labourer that he is not allowed to determine the trade at which he works.

A democratic Government is merely rule by a count of heads. The unfortunate minority is spurned and oppressed. It is a dangerous thing—that minority. It may grow if it be not trampled upon, and threaten the security of those who have found place and power with the majority. Under Socialism, the position of minorities will be deplorable. Even to-day, when we have what we are told is a democratic Government, we observe how common justice to minorities is denied. Have we forgotten the case of the men at the Woolwich Arsenal? They were Government employees, and the Government was anxious to make a popular bid by giving very Old Age Pensions to the majority. The small minority at Woolwich were dealt with outrageously. Solemn pledges were broken, the dictates of common

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humanity were ignored, and old and tried workers who had specialised in this trade and were consequently untrained for any other were flung upon the scrap-heap. Had any private firm acted similarly, it would have been denounced—and justly so—by the Government's own orators from Land's End to John o'Groats. In this case the Democracy was treacherous and essentially unpatriotic. In order to truckle to a popular demand, they sacrificed not merely their own servants, but the permanent safety of the country. I say it with full knowledge of the facts—they have wantonly reduced the men who provide our armaments and munitions of war below the limits of safety.

Then we have a further illustration which shows how Democracy is prepared to sacrifice an unorganised majority to the demands of a highly organised minority. The miners, with a most powerful Trades Union at their back, demand special legislative concessions at the expense of the rest of the community. The Government were quite willing to surrender the interests of the unorganised many

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to those of the organised few. Democratic Government after the Socialist design will be even more profoundly unsatisfactory. Minorities not only will not count, but they will be denied the opportunities, which to-day we enjoy, of voicing opposition. The Socialists who never weary of demanding Free Speech have fashioned an imaginative scheme of society where the State, *i.e.*, the majority, will own, and dominate, the Press, and where no book can be published which is not approved by the officials of the majority.

Then, too, there is no parallel in public life to-day for the Bureaucracy which must be called into being under Socialism. It is true that now and again we observe that new men, and strong men also, sometimes take office, and, with a delightful optimism, foreshadow in public speech the changes which they propose to make. Years pass, and nothing happens. Why? The official apology—when any such is vouchsafed—is that a continuity of policy must be maintained. Continuity of fiddlesticks! The real reason for the paralysing conservatism is a very simple

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one. The permanent officials loathe change—and permanent officials dominate the position. In their strong grasp your would-be reformer is but clay. Have we not seen something of this kind recently on the London County Council? The reformers prevailed against everyone but the permanent officials. The power of these gentlemen must be broken before any really salutary progress can be made towards the conduct of London's Government upon strictly business-like lines.

Exasperating as our officials are to-day—exasperating, and almost all-powerful—their rule is but one of rods in comparison to the scorpions which are promised to us under Socialism. When we realise that every single branch of the whole nation's production and distribution will be in the hands of such persons; that every form of industry will be organised and controlled by them; we shall understand that society will be divided into two sections—the rulers, and those who are ruled.

Now we come to the ridiculous make-

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believe that each one of these officials will be chosen by popular election. They will be non-producers, and their maintenance will be a deduction from the product which otherwise would have been enjoyed by the productive workers. It is imperative, then, that these privileged persons should be chosen by popular election. Election, indeed! Suppose that to-morrow we were called upon to elect men to fill all the existing official posts—central and local. How should we do it? How many weeks would be required in the various ballotings? If we could not do it to-day, how in the world shall we be able to accomplish the feat when certainly one man out of every ten will be one of our rulers. Of course, the only possible solution of the difficulty will be the popular election of some and the selection by the elected of the rest. How long would it be before we had an “Officials’ Mutual Defence Association,” think you? These gentlemen who enjoyed the privilege of NOT engaging in manual or severe labour would do all in their power to avoid their descent from their high

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estate. And from the moment that the officials were organised, a challenge to any important section of them would be a challenge to the whole. "Yes, but," replies the Socialist, "do we not change our Government from time to time?" We do—but not the officials. "Once an official, always an official," is the general rule even now. The effect of the dismissal of the organised body of officials under Socialism would lead to an amount of industrial disaster which could only be equalled by a foreign invasion.

And what, indeed, do we gain by the installation of this Bureaucracy? To-day, we are voluntary workers under the master whom we choose; under Socialism, we should be compelled to toil in a trade which we did not select, for a master who was thrust upon us.

We are asked to-day to accept Socialism for the reason—amongst others—that the many have, not only to support themselves by their labour, but that they must produce enough for the rich few as well. Here, again, how do we redress this under Socialism if, instead of supporting a few thousands of rich

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folk who are non-producers, we are compelled to produce all that the legions of officials will demand for their sustenance?

If anyone imagines that I have exaggerated the probabilities of conflict between officials and workers, which may surely be anticipated under Socialism, let him note the position of our officials to-day. We already possess a "United Government Workers' Federation." Indeed, this organisation has existed for some thirteen years. The Federation represents practically every section of the community in Government employ. The last annual conference was held at Woolwich on the 10th February last, and the whole efforts of the delegates were expended in attacks upon the Government, and, particularly, in denunciations of the officials. Let me give one of the resolutions. Mr. Butler (Pimlico Royal Army Clothing) moved :—

"That, in view of the unsatisfactory state of affairs arising out of the power of the permanent officials, this Conference calls upon the present Government as the supposed representatives of democratic control to at once appoint a Committee," &c.

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Mr. Clarke (Woolwich workers), in sup-
porting, said :—

“ The Government was supposed to be democratic, but in administration it was autocratic. In Woolwich Arsenal if a man stood up for his class he was persecuted by his official, who was paid a large salary. During the time the discharges had been going on in Woolwich Arsenal the whole of the staff had been kept there, and new berths were being made for the friends of officials who were already there.”
(See the *Woolwich Pioneer*, February 14th, 1908.)

Thus it is clear that even to-day officialdom is too strong to be brought under subjection at the bidding of highly organised workers. What will happen when there are a hundred officials, and probably more, for every one saddled upon us to-day?

Viewed from one standpoint, the position is frankly amusing. We have branches of Socialist Societies in the Post Office, and, indeed, in practically all departments of Government employ. What happens? Every “ incident,” whether it be really autocratic, or merely colourably so, is seized upon by the workers as a pretext for beating the Socialist drum, and for the rallying of

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waverers into the Socialist ranks. And these poor dupes, if you please, out of resentment for a limited autocracy under a mild and limited officialism, join hands to establish Socialism, and, with it, a supreme autocracy which will enslave the whole race.

The economic features of the Socialist State may be summed up as follows :—

(1) Collective ownership of the land and other means of production, distribution, and exchange.

(2) The Socialist State will produce for use only and not for profit. (Socialist orators gravely inform their audiences that, as the result of this policy, goods will be available for consumption at social cost price.)

(3) The abolition of rent and interest. (Great emphasis is laid upon this. It is asserted that one-third of the product of labour is detached from the worker, and is taken by the landlords and dividend-receivers. The claim is advanced that from the moment that this deduction ceases to be made, the burden of toil will be lightened.)

Now, as to the first point, the abolition of capital in private individual ownership. The proposal is, of course, quite possible of accomplishment. The land is irremovable, and so are the structures upon the land. The

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thing could be done by Act of Parliament tomorrow, if the Legislature were willing. Whether it could be achieved without a revolution is another matter. The number of persons interested, even in a small degree, is far greater than Socialists ever care to admit. Under the menace of expropriation, it is, I imagine, far more likely that they would offer resistance than that they would blandly acquiesce.

Some idea of the possible army of defenders may be gained from some figures which were extracted in March, 1907. At that date there were no fewer than 282,000 holdings of £500 and under in the railways of the United Kingdom. Possibly some of these were duplicates, but there is the making of a respectable force in the investors in that undertaking alone. Add the countless thousands who are concerned in other investments, and you will be faced by legions which no wise general would despise. Still, I have always held that the greater difficulties would be found in the problems of control and management after expropriation.

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We are told that capital in private hands would cease to be, and that competition would be abolished. Further, we are asked to believe that the State would be a gainer in consequence. For my part, unless men are to become mere soulless machines, I cannot conceive how, under these conditions, the State can possibly continue to carry on the all-necessary productive business of the country. Capital and competition are but the resultant of progressive instincts in men. The rare exceptions apart, a man has to build up himself before he can build up a business. He is called upon to discipline himself; to govern his life sternly by rules; to work strenuously while others are making holiday; to be ever on the alert for the latest and the best; and to develop his judgment to so fine a point that the element of risk in forward moves is reduced to a minimum. These are only some few of the high qualities which, for the most part, come from self-training, and which secure success to the vast majority of the business men who attain it. These self-same qualities will, of course, be

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absolutely essential to the control and administration of the Socialist State. Few undergo such onerous and anxious labour for its own sake. It is the reward which stimulates—the reward and what it brings. Socialists who prate airily about the abolition of capital in private hands, actually imagine that when they filch the prizes they will still secure stalwart contestants. They—who, if you please, are not business men at all—eliminate from their reckoning the instincts and impelling forces which have been developed with increasing strength for centuries—and blandly assert that men will continue to toil laboriously, for the mere end that by their greater efforts they may compensate for the shortcomings of those others who welcome the advent of Socialism because it will lighten their toil.

Let it be noted that one of the main reasons why Socialism is to be inflicted upon us is because the capitalist is so selfish and exacting; yet, unless this same capitalist undergoes a metaphysical transformation, and becomes the most bounteous philanthro-

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pist, Socialism can achieve nothing but an industrial catastrophe.

It is for this reason that I feel that the mere expropriation of capital is only the introductory step to the practical difficulties of control and administration. Take away the mainspring, and the watch stops. And surely capitalists and the big-salary men will, least of all, be disposed to be philanthropic at the very moment when they are smarting under robbery and ruin.

Strangely enough, with Socialists the personal element is wholly ignored. Their definition of capital excludes it: "The sum of our instruments of production, and of the advantages of the work of former years." Merely material—impersonal and inanimate! But is that the whole of our capital? Let them take the land and the means of production, and where would they be? Are the men who till the land not part of our national capital, and the men who fill the mills and factories too? And what must we say of the WILL to produce? Those machines of yours are dead things unless you have the men;

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and the men themselves are useless unless they are willing to work.

Now the Socialists assure us that everyone will work strenuously, for the reason that everything belongs to the State and the State is everyone. What an ignorant and impudent assumption this is, to be sure! To-day there are roughly 44,000,000 persons in the British Isles. The sum total of the product of labour will belong to the State—*i.e.* to that 44,000,000 persons. No one would depend for his living upon his own exertions. His exertions, indeed, would contribute merely one forty-four-millionth share of his living. The rest he would receive from the labours of others. Could living man devise a scheme which was better calculated to undermine the will to produce than this?

The Socialists protest, however, that if a man be working for the State—*i.e.* for 44,000,000 persons and himself—he will exert himself more than he does now when he merely works for an employer. Why should he? The evidence, indeed, points the other way. Were I to ask you to name

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the most unsatisfactory class of workers of to-day, I imagine that everyone who had studied labour outputs would unhesitatingly reply that municipal workmen are the worst that we have. They are the laziest and the least efficient, and, moreover, seem to have conspired with one another to produce the smallest results at the greatest possible cost. But these shirkers, when they are ratepayers in the borough—as they frequently are—are within the Socialist definition working for themselves. Does this fact affect them in the slightest degree? Never for an instant! They know that their wages will be forthcoming, and that they will be drawn from the pockets of the rest of the ratepayers. And it is just this reliance upon some great fund in the background that would bring your Socialist State to its swift downfall. The ignorant notion, of course, is that the State has unlimited resources. Under Socialism the State would have nothing at all to distribute which the workers of the State did not produce. And for the life of me I can find no reason to justify a belief that the State-

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worker will be an improvement upon the privileged municipal wastrel. I take it that our corporations do not deliberately choose the worst men. On the contrary, I learn that many—perhaps the majority—of their workers, on starting, are good fellows. It is the noxious and unnatural system which kills their work. They are taken from tasks in which success—as measured by commercial standards—is essential. In private employment, if the work which each man does individually is not satisfactory, that individual goes. Moreover, if the work which all the men produce collectively is not profitable, the firm collapses, and all the men lose their employment. Their wages come directly from their firm, and the only available fund is limited by the capital or credit of the firm. At the same time a rational relationship exists between the value of each man's output and the money that is paid him. On the contrary, in the case of municipal employment, the workers receive pay quite irrespective of the value of their services, and even if the undertaking in which they are engaged

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is a disastrous failure there are always long-suffering ratepayers who, whether they like it or not, must make up the deficiency.

Just as municipal employment is the most demoralising form of work, so is profit-sharing the best. Nothing is more stimulating to the worker than a clear and close connection between the value of his work and the amount of his reward. There is a point, however, which should never be lost sight of, and that is that the whole scope of the undertaking should be self-contained and under the worker's control. Suppose that I own a paper-mill. If I gave my men, in addition to their wages, a share in the profits, and also gave working-class representation upon my Board, I should expect that the all-round value of the work done would improve. Practically, whenever this has been done such improvement has, in fact, resulted. Not only do the men do all in their power to eliminate waste, but they watch one another, and do not allow any slacking.

But if, in addition to my paper-mill, I

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owned forests where my timber was grown, and a pit from which I got the coal for my furnaces, and merged all three undertakings in one, and made the profit-share of my mill-hands conditional upon profits being shown in the other two branches of the united business, I might just as well discontinue the profit-sharing scheme for all the good that would result from it. My mill-hands would say, and quite truly, that they could exert no control whatever upon the men in the forests and in the pit. They would ask what was the good of their saving money in the mill when, as likely as not, as much or more was being wasted outside. They would ask, too, what was the use of their straining every effort to increase their productivity in the mill, while, as likely as not, the other fellows were slacking. There would be no security that equal efforts were being made in the other industries, and the bare possibility that the others might be benefiting at the mill-hands' expense would be highly demoralising.

There is another matter which would pro-

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foundly trouble my mill-hands. They would ask me how I could find an equation between services rendered in a mill, in forests, and in a pit. Supposing that each branch made a profit, the relation which labour bore to that profit would vary in each case. They would demand of me the basis upon which I proposed to deal on terms of justice and equality with the three sets of workers. I could not formulate one—of course not, who could?

This brings us to one of the giant difficulties of Socialism. How are labour-values to be determined? I have already shown how that the maintenance of the national output is threatened from two points; namely—(1) the absence of special reward for special exertion and ability; and (2) the payment of the standardised reward irrespective of the intrinsic value of the work done. Now, we are confronted with a third factor which cannot but be in the first degree disastrous to productivity. It is, of course, the payment out of the fund which represents the exertions of all, of practically equal shares in

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respect of unequal contributions made by varying industries.

The formula is :—"From each according to his abilities; to each according to his needs." The idealistic rendering is :—"Each for all, and all for each." Let it not be imagined, however, that if in any period a Socialist State be established, the individual members will be satisfied with the mere reiteration of idealistic platitudes. Socialists are bred and nourished upon the definite pledges of definite personal benefits. They would welcome the new order in a spirit of keen expectancy. The great chance had at last come; what were they to get out of it? Every living man would look for an immediate improvement in his lot, and he would compare his position with that of his mates in his own trade; and they with him, we may be sure, would watch closely for any unfair and preferential treatment of the workers in other trades.

Now, there would be only one way in which that comparison could be made. The rewards of all workers being approximately

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equal, preference could only be shown in the differences of hours worked as between employment and employment. And this, indeed, would be a vital concern to Socialists, for one of the chief promises made to them is that Socialism will lessen the "tragedy of toil."

A moment's thought will, of course, satisfy us that any such task is impossible of achievement. Who in the world could say what number of hours in a coal-pit should be deemed to be equal to any given number of hours in any other stated industry? Much less, of course, is it possible to find an equation common to all industries. And even if, by a "miracle," a true equation were found, would any living man be able to convince the workers that it *was* the true equation?

It would appear to be inevitable, then, that from the very inauguration of Socialism there would be grave sectional disturbances between the various industries. Equal reward for unequal earnings would engender an amount of bitterness, disgust, and revolt,

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that would disastrously discourage the workers. The effect upon production may easily be inferred.

We accordingly reach the farcical result that productivity, instead of being arranged to meet the natural wants, is actually made subservient to the grievances of the producers. But the bare material wants will undergo no change. We shall continue to need a sufficiency of fire, food, and clothing. Unless there be a sufficiency of all these essential commodities, great hardships will ensue. And, when all is said, the mere fact that the workers toil for a definite number of hours in no way guarantees this sufficiency. The whole problem turns upon the quality of the labour, and not the quantity of hours which are worked. The Socialist difficulties are immediately obvious. They might say we will arrive at our equation by the quality of the productivity—*i.e.*, by the amount produced. What an outcry there would be at this. Are there two coal mines in the country in which an equal number of workers could produce with equal effort an equal output?

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Are there two plots of land which would emerge successfully from the same test? Are the workers themselves equal? Are their abilities equal, or their disposition to work?

Yet these matters are vital. Any failure in adjustment must of necessity be reflected in the will to work, and that is an essential part of the national capital. If the Socialist State which was launched on a flood of promises of equality of opportunity and of fortune, proves to be the embodiment of even greater inequalities than are those which are to be found to-day, there will be something worse than a mere unwillingness to labour heartily—there will be revolt and actual conflicts which might well subvert the State.

Before I leave this subject of capital as viewed from the aspect of a general disposition to work, I must refer to another matter. Socialists profess that they are able so to organise productivity that with a minimum of labour the wants of all can be guaranteed. A feature of this scheme is the application of the principles of intensified cultivation, and an enormous extension of the use of

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machinery. I have heard Socialists proclaim that an hour a day, or even less, would be all that the State would demand from its citizens. Nothing more disastrous could ever occur. The man who discovers the means of relieving us, as a people, from the "burden" of a reasonable measure of daily work will invent a new hell. It is far easier to support labour worthily than leisure. Have we not the analogy of the tropical peoples before us? In those lands the earth is so bounteous that one has only to stretch out one's hand and take all that is really requisite for the support of life. And the result on the natives is, of course, deplorable. Slothful, self-indulgent voluptuaries, they laze through life, demoralised and degraded by the lack of the driving power of necessity. Let us shorten hours; let us improve conditions; but do not let us strive in the name of "idealism" to become a nation of lotus eaters.

The Socialists take no account of the character of the ordinary man. Their proposals, from the standpoint of idealism, are framed for angels or fools; from the standpoint of

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production, they assume that we would one and all work, and work our very best, with a lofty contempt for wages or reward; and, from the standpoint of distribution, they imagine that if a man shirks we should be insistent in giving him a share equal to our own. But we are not made on those lines. The Socialist basis of distribution is so grotesquely unnatural and unfair that, being the kind of men that we are, there would speedily be but little for distribution at all.

CHAPTER V

RENT, PROFIT AND INTEREST

WE have seen how the Socialists craftily avoid the problems and difficulties of production, and seek at all times to focus public attention on what they believe to be an exceedingly attractive scheme of division. But, surely, these are merely the tactics of the unscrupulous promoter of thieving companies, who hopes that if he dilates sufficiently upon enormous dividends he will distract attention from the all important question of the means by which any dividend at all can be earned. The Socialist prospectus-makers have reserved a declaration which is frequently used as a final clinching appeal to doubters. This, we may be sure, would be printed in big black type in the prospectus to be issued on behalf of the Socialist State.

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It would probably be worded somewhat as follows :—

“IN CASE ANY INTENDING SUPPORTER SHOULD STILL HARBOUR ANY DOUBT, AND SHOULD IMAGINE THAT THE OUTPUT WILL BE PREJUDICIALLY AFFECTED BY SHORTER HOURS AND A SYSTEM OF EQUALISED REWARDS, IRRESPECTIVE OF THE QUALITY OF LABOUR CONTRIBUTED, LET IT BE NOTED THAT THE STATE WILL COLLECTIVELY ENJOY ALL THOSE HEAVY DEDUCTIONS WHICH ARE NOW MADE IN FAVOUR OF PRIVATE INDIVIDUALS UNDER THE HEADINGS OF RENT, PROFIT, AND INTEREST.”

I think, however, that it will be an easy matter to show that the expropriation of these three sources of income will in no way guarantee the financial stability of the new State. Some folks, I know, have moral objections to “expropriation.” I will at once agree that it is difficult to reconcile common honesty with Socialistic proposals. Mr. Wells, I notice, writes grandiosely on the

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claims of "good will," but this much approved quality has really no place in Socialist calculations. The expropriation business is not to depend on the "good will" of the "expropriated," but, rather, on the might of the expropriators.

I can quite conceive of a scheme in which Mr. Wells' "good will" might play an historic part. If the Socialists could advance a detailed policy by means of which, if riches were conceded, poverty would be permanently abolished, there would be strong claims, and, I am sure, not unanswered claims, upon the "good will" of those who are in possession. This, however, is not for an instant the Socialist intention. They claim by right, and not by grace. Mr. Wells builds his Socialist castles in the air. I have hopes that he would be honest enough to repudiate Socialism—if he really understood it. "Good will," indeed! How is the exercise of this quality greeted? Has Mr. Wells never heard a Socialist cry of "Damn your charity!"? I would like to lead Mr. Wells to one of the parks, and listen while he spoke to

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real live Socialists about that "good will" of his. None the less, the fantastic works of this callow State-builder play no inconsiderable part in the advancement of Socialism. They serve as baby's food for teething Socialists—easy of assimilation—and are, indeed, the very thing for use, in the early stages, before the stomach is ready for the strong meat of the real Socialism.

Upon this matter of expropriation the Socialists—as was only to be expected—have a pleasant "fiction" to soothe consciences. It is that absurd and bombastic fraud which they name "the unearned increment." This doctrine plays the same service with respect to rent that "surplus value"—another exploded fallacy—performs for profit and interest. Of course, the whole idea which underlies the "unearned increment" claim is that land values are subject to adventitious increase, owing to developments and progress, which are due to causes separate from the owner. Such are the growth of towns, the discovery of minerals, and so forth.

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It will be obvious, however, that all property is not the subject of "unearned increment." Indeed, I think it will be conceded that depreciation is a more usual characteristic than appreciation. Surely, then, this fact should introduce us to an "unearned decrement" proposal. But did any living man ever hear such an offer come from Socialist lips? The justice of such a set-off is obvious. Propertied people put their eggs into many baskets. On some investments they make a profit; on others it is almost certain that they will be less successful. The State ought not to expropriate the good bargain on the score of "unearned increment," unless it is willing to make compensation for "unearned decrement" in other cases. What, then, do the Socialists propose? Why, they do not themselves follow their own "fiction." They care so little for any distinction between increment and decrement that they intend the impartial expropriation of the subjects of both.

This "fiction" of "unearned increment" is, indeed, the most shameless and indecent

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in the Socialist collection. It is an unscrupulous catch-cry, used to appeal to the prejudice, cupidity, and discontent of unfortunate investors. Further, the cry is of great service on the platform, in that it conveys to the ignorant the impression that all investments are successful, and that ever-increasing wealth, obtained without effort, is showered upon "the idle rich."

But, how dare Socialists inveigh against "unearned increment"! The very keynote of the system of division, selected from all others by them, provides for the universalisation of "unearned increment." Is it not demanded that the men of great ability shall, in exchange for the mere supply of their needs, continue to exert themselves to the utmost, for the benefit of the masses of the people? If "unearned increment" be wicked in the rich, how can it be innocuous in the rest? One would have thought, too, that if the possession of anything which was unearned were so hateful to Socialists, they would be careful in the fashioning of their new State to make earnings the test of pos-

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session. They propose nothing of the kind. However hard a man may work under Socialism, he will be allowed to possess nothing of value, and even the amount that is doled out to him as being sufficient for his needs is to be determined irrespective of the quality of his labour.

These "fictions" are designed, of course, for the "Wellses," "Campbells," and the like. The full-blooded Socialist scouts the necessity of excuse and apology. With him, "expropriation" is the thing, and Might demands none of those shallow sophistries with which outraged Right is made acceptable to those who are still haunted by the ghosts of dead consciences.

The question we have to determine is what the effect of the expropriation of rent and interest and the elimination of profit will be. Let us examine the position as to rent first. It is asserted that the total paid in rent in the United Kingdom amounts to £290,000,000 annually. Now, Socialist orators actually contend that if the private landlords who to-day received this sum were disinherited, the

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State would be to this extent for ever to the good. Less labour, they claim, would in consequence be called for. But rent is paid in the main in respect of land and buildings. If land which is cultivated to-day should by reason of any failure in the Socialist scheme of production be wholly unprofitable, it would sooner or later go out of cultivation. Whether that happened or not, a considerable portion of the rent, or the labour due to the State as quasi-rent, would be returned to the land, as is the case to-day. Soil would require re-fertilising under Socialism quite as much as at present; drainage works would be necessary, and would require renewal, and so forth. In a word, when Socialists announce that the landlords receive £290,000,000, they would have us believe that they retain that sum for their own purposes. Indeed, the Socialist gravamen is that our landlords starve the land. If they believe that and seek to redress it, they themselves will return to the land even more than is usual to-day.

Similarly, with regard to the rent of build-

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ings and the interest on invested capital. Buildings not only require repairs, but also periodical rebuilding. From what one reads, one would imagine that but few of our present edifices would satisfy the æsthetic yearnings of the Socialists. The artisans' cottages would be unworthy of emancipated sons of labour, while, on the other hand, the mansions of the wealthy would be insufficient to go round, even amongst the Socialist officials. If, however, we had extensive rebuilding, there would follow a capitalisation of labour, upon which rent in the shape of deduction of labour-values, in one form or another, would inevitably be paid by the workers. The same process would, of course, perpetually be taking place in a lesser degree in respect of necessary repairs and the like.

There is yet another deduction which must be made from the remaining portion of the rent-roll of to-day. And that will come under the important head of management. To a very large extent at present individual owners look after their own property, and in

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this way save those agency and management fees which would otherwise make a serious inroad into the amount of their rent. With such owners there is the strongest possible inducement to be prudent and economical, in the true sense of the word. Under Socialism all this would be changed. Not only would hordes of officials live out of the rents—directly or indirectly—but official administration of public property is the most costly and inefficient form of control. A striking instance of the truth of this indictment is that which was provided for us by the recent Progressive system of the London County Council. Not less than 40 per cent. of the receipts from the London County Council's dwellings were swallowed up in management expenses.

It will be obvious, therefore, that the Socialist claim that as the result of expropriation the workers will find themselves relieved to the extent of £290,000,000 is nothing short of a grotesque exaggeration. Whether the deduction from labour-values appears under the name of rent or not—rent,

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in some form, will be unavoidable under Socialism. We can use neither land nor buildings indefinitely without waste and wear. These depletions must be made good. And just as to-day rent is in no small degree the euphemistic designation of a renewal and repairing fund, similar functions will be equally necessary under the new order of society.

The Socialists fix the amount which is annually enjoyed by investors in the form of interest at £360,000,000. They claim that as labour is "the source of all wealth," this sum should not be diverted from the workers. They believe—or, at any rate, they profess to do so—that if they expropriate the means of production in respect of which this sum is paid, the State will be relieved of a burden. Turning to the workers, they announce that the aggregate toil will be lightened to the extent of the equivalent of this sum. As usual, these Socialists beg the whole question. What about productivity? This item of interest largely represents the results of expert ability, and the highest

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forms of administration. Unless, then, Socialism is able to command these same qualities, productivity will be reduced. It will be clear that if to-day capitalists lent their money without interest, and our cleverest organisers gave of their best without reward, commodities would reach the consumer at less cost. Alternatively, the same price would be charged for them, and higher wages would be available for the producers. But neither of these advantages would be available unless productivity were maintained.

The Socialists propose to abolish interest, and they assume that the vital forces which not only make the earning of interest possible, but which also stimulate productivity in all the stages of success, will continue to be at their disposal without the reward of interest. Surely it will be apparent that the probable result of this expropriation experiment will be disastrous. If productivity be demoralised, the Socialistic State may soon realise that the workers were more happily circumstanced both as producers and

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consumers, when they exchanged interest for good management.

But an even greater fallacy lurks in the Socialist promise to the workers of the advantages which will result from the abolition of interest. We shall realise the position best when we see how the interest fund is expended. Every day new businesses are started, new houses are built, new factories are established, new mines are opened. At the same time existing concerns are developed, and expensive new machinery and plant is perpetually being substituted for what is out of date. Socialists will be compelled to admit all this. We are entitled to ask them from what source the fresh capital comes.

It is derived, of course, from two sources. The one is the interest fund, and the other is that part of the wage fund which is saved.

Now, the Socialists vehemently protest that wages are conceded upon so grudging a scale that the worker merely obtains a bare subsistence. The Socialists cannot have it both ways. They must admit that their own

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silly "Iron Law of Wages" is an economic lie, or else they must concede that this vast development and renewal fund is drawn principally from the amount which is received as interest, and which is subsequently to a very large extent invested as capital.

This sum represents past earnings and labour already endured. It is employed in work which would be necessary under any economic system. Under Socialism, development and renewals would be as essential as they are now. Very well then; what would be the only possible result of the abolition of capital in private hands and of the elimination of interest? Simply this—the State would be compelled to find the whole of the capital required for new works and renewals from present labour.

The generous relief which to-day is given by labour endured would be eliminated. The even more valuable assistance which is drawn from future labour by means of loans and mortgages upon labour to be endured would also be lost. The State could not

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make loans to itself, and no private person would have money to subscribe. The State might possibly make advances to particular branches of industry, but those advances must inevitably be met by that aggregate productivity which constituted the sole form of capital. Thus the whole of this necessary fund would still come from labour, and the only effect of the elimination of interest in its present form would be to increase the deduction from labour values.

Because some of the profits of labour endured are not enjoyed by all, the Socialists seek to ordain that they shall be held by none. They entirely ignore the magnificent assistance of past labour to present labour.

In a scheme of economy where capital was unknown, it is obvious that financial administration would be of the "from hand to mouth" order. It is impossible to imagine, then, a means by which developments and renewals could be undertaken, unless they were treated as being a first charge on the current year's productivity.

The observations which I have already

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made in respect of management and rent will also apply in connection with interest. Indeed, they do so to an even greater extent. Unless a mob of officials—composed, I suppose, largely of successful Socialist place-hunters—are able to organise and control our vast industrial undertakings as economically and efficiently as is the case to-day, there will be a diminution in productivity. This can only be met by either longer hours of work, or by a reduced share of the products of labour.

Socialists seemingly attach great importance to the fact that there is to be no production for profit. The inference which they draw is that when profit is eliminated and the products of labour are available at social cost price, the consumers will be enabled to obtain what they need at less labour cost than under the present system. If, however, cost price under Socialist production happens to be in excess of cost price plus profit at the present time, the consumers will be losers by the change.

Social cost price will only be determined

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by the efficiency of management and the quality of the labour of the producers. To-day there are countless cases where a manufacturer cannot even produce a commodity at a price which represents a handsome profit to another who is engaged in the same trade. Social cost price is, therefore, the merest snare until we have been provided with proofs that it will be less than cost price plus profit to-day. Now, unfortunately, all the probabilities point to the contrary. Nor are we without actual experience of Socialistic effort in this matter. We are still footing the bill for municipal trading upon Socialist lines. Not only did the industrial adventurers fail to give reasonable value for money, but they made no secret of their disgust that commercial considerations should be the criteria of their performances. When it was realised that we persisted in expecting rational results, Mr. Bernard Shaw gave us the impudent assurance of the existence of "invisible profits." This extraordinary person further announced that "the desirability of municipal trading is in inverse ratio

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to its commercial profitableness." The same high priest of Socialism made scornful reference to "the vulgar cry for treating a municipal enterprise like any other business on sound commercial lines, etc." ¹

It must be admitted, at any rate, that, in this respect, Socialists have acted up to their professions. Municipal trading is, of course, merely the fringe of Socialist endeavour, but it has been a lamentable and costly affair for the ratepayers throughout the country. Over and over again we discovered that municipalities which acted upon Socialist principles, and employed "direct labour," did their work at a cost which was hugely in excess of what private contractors had previously charged. It will be obvious, then, that if this same doctrine of "invisible profits" be the distinguishing feature of industrial control when all our industries are socialised, social cost price will result in necessities becoming luxuries.

There is only one other matter that I ought

¹ See *The Common-sense of Municipal Trading*, by Bernard Shaw.

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perhaps to deal with under this head. Socialists are perpetually emphasising the fact that when production is for use and not for profit, and when competition is no more, a great saving will be effected by reason of the fact that commercial travellers will no longer be required. I am not quite so sure of this myself. When the State is under the necessity of arranging a budget of social production a year or more in advance, it will be obvious that an army of investigators will be needed for the purpose of estimating the probable demand which the State will be subsequently called upon to supply. For, if supply falls behind demand, there would be discontent, if not actual hardship; and if the supply exceeds the demand there would be waste. It seems to me that, in addition to these estimators, we should probably be saddled with a host of State touts whose work it would be to attempt to stimulate popular demand for those articles which the State had over-produced.

CHAPTER VI

THE TRANSITION STAGE AND THE PLAGUE OF “ PALLIATIVES ”

Now, how is the great change to be effected—the transformation of the present ordering of Society into a Socialist regime? Our position is analogous to that of some great factory which it is proposed to re-build. But, mind you, the re-building is to be complete. From the lowest foundation to the top of the roof, the premises are to be erected anew; fresh machinery is to be introduced, and the whole scheme of industrial organisation is to be changed. And while all this is being done the output is to be maintained in entirety. Otherwise, not only the workers, but the millions of consumers of the firm's produce, would starve.

The position is still further complicated

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by the fact that no commodities in relief will be available from other sources abroad. Socialists frankly realise that the whole civilised world must make the change to Socialism simultaneously. I suppose that the comparisons which otherwise would be drawn between the general conditions in Socialist and non-Socialist lands would take a great deal of explaining away.

But how is this "miracle" to be achieved? If it is to be undertaken gradually—section by section, so to speak—grave risks will be run. There might, for instance, be serious disorganisation in the comparatively early stages. Men might be thrown out of employment, and, owing to a shortage in production, consumers might be condemned to hunger. The inevitable result would be an outcry directed against the management. The workers and consumers might well protest that if the effects of a merely partial rebuilding were so disastrous, the whole scheme should be instantly abandoned as a dangerous failure.

The evolutionary Socialists propose to

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deal with single departments separately. How strange it is that they overlook the fact that our industries subtly inter-act, and react, upon each other. The unemployed in one undertaking are a menace to the employed in another. An assault upon capital from one quarter repels capital in others. The evolutionary Socialists are thus on the horns of a dilemma. As a people, we are innately conservative, and acutely distrustful of changes. The Socialists know this, and hasten to assure us that these gigantic changes will be introduced so very gradually that we shall merely glide along some progressive path into Socialism without ever a jolt to disturb us. Incidentally, too, all the other important countries of the world are to do their gliding at the same time, and—profound differences in conditions notwithstanding—are all to reach the goal together. Such are the assurances given. This result is, however, wholly unattainable. The journey would take too long. Indeed, the passengers would have too many opportunities of changing their minds *en route*.

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Really, if the trip is to be made at all, it must be made at lightning speed. Otherwise there might be joltings and discomfort and hardship, and, as likely as not, a complete breakdown on the way. I cannot believe for an instant in this prolonged evolutionary process; the revolutionaries scout it, of course, while the evolutionary Socialists themselves supply us with actual proof that they do not propose to practise what they preach. For how are these men employing themselves—these crafty fellows who glibly assure us that the great gamble is to be postponed to the remote ages? Why, every day of their lives they are holding hundreds of meetings, and are straining every effort to convert living men to this faith of the remote ages. They are fighting elections, and have organised a Parliamentary Party with a definite Socialist programme—all for the remote ages. These honest fellows who cry over poverty and the anguish of present-day life are still callous enough to devote themselves to the advancement of the faith of the “remote ages”!

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“Ah! but”—it is protested—“what about palliatives?” Yes, indeed, “palliatives,” with a purpose! These “palliatives” are certain to be a dominating feature of the transition stage, and their real object and character should be explained.

It will be admitted that if everyone were prosperous and contented we should all refuse stubbornly to give a thought to Socialism. We would realise that change is a lottery, and would leave well alone. It is because we are not all of us happy and contented that the Socialists get their chance. Beyond all doubt, poverty and discontent are the stock-in-trade with which Socialists start business. Further, if from any cause it should so happen that poverty and discontent were removed, the prospects of the establishment of a Socialist State would be blighted. What, then, was to be the policy with regard to legislative palliatives in the intervening stage?

If such palliatives were successful they would, to the very extent of their success, retard the coming of Socialism by reducing the

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demand for change. Indeed, they might even undermine the essential delusion that "Socialism is the only hope."

Inversely, if the palliatives were a failure, they would still retard the coming of Socialism, for the reason that, although discontent and poverty remained as before, the boasted efficiency of Socialist M.P.'s would have been exposed. The crowd would be sure to say that the men who bungled over small matters could not be relied on to be the "miracle-workers" of a great upheaval! Could a more embarrassing position be imagined? It would seem as if "palliatives"—either in failure or success—would be disastrous.

This, indeed, is the very position which the revolutionary Socialists have assumed. They insist upon having the whole thing or nothing. Payments to account are likely to induce, in their opinion, a subdued satisfaction which would imperil the prospects of a final settlement in full.

It is possible, I believe, that the Independent Labour Party might at one time have

taken up the same position. Their hands were forced, however, by the fact that not only had they their programme before the country, but they were represented by a party in the House of Commons. Inactive representation in the interest of the "remote ages" would scarcely be satisfactory to electors who were in actual need at the present. The question of palliatives accordingly became an acute one, and the Socialists have solved it. Their scheme, as I will prove, is deliberately designed to secure an ultimate accentuation of present evils, as the result of their temporary relief. They take vast credit to themselves for the gift of medicine which only strengthens the disease. "Palliatives can never cure," they murmur, while they craftily choose such palliatives as would ultimately kill. They subtly make their very palliatives the starting-point of the transition stage.

Let us examine this position carefully.

Why do men starve? There is plenty of food. But food costs money, and money is exchanged for work. The poor are poor,

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then, because they have not the work which alone brings them wages. Some I know would not work even if they could get it. They are the baser sort of Socialists born before their time. Others, alas! are yearning for the work which is not to be found. The one terrible fact which we have to face is that in the United Kingdom to-day there are fewer "jobs" than there are workers.

Work, however, follows the employment of capital. Very well, then, we can produce more work for British workers by the use of further capital. So far, it is clear that the problem is one of production.

Now let us take it a step further. Suppose that—on hearing that there are many thousands of woodcutters and machinists out of employment—as, indeed, there are—I determine to invest a large sum in that trade. I build a factory, buy my machines, and employ a couple of hundred hands and set them to work on doors and window-frames. What would happen? Simply this:—I should lose my money. I should find that the articles I was manufacturing could be delivered at my

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factory gates from Norway and Sweden, and offered for sale at a price far lower than my bare cost of production. Then I should make enquiries and find that the foreign stuff had been made under labour conditions in point of hours and wages which were scandalous. Thereupon I should turn to the Socialist labour leaders with confidence—if I did not know them. I should say:—“What in the world is the good of your making war upon blacklegs at home, if you allow foreign blackleg-made stuff to come in? You have your Trade Unions (and, if I were a workman, I should be a loyal Trades Unionist)—which bind the men to respect certain conditions with regard to hours and wages. You tie these men’s hands behind their backs, and make no effort to defend them from blackleg manufactures. You insist upon protection as against your own countrymen, but you scorn it in the case of foreigners. You pride yourselves that as producers you are Trades Unionists, but, as consumers, you seem to be as dirty a gang of blacklegs as ever breathed. If that Trades

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Unionism of yours is logically and mercifully designed, it should impel you neither to produce under disloyal conditions yourselves nor encourage the same thing in others."

We find, then, that the problem of poverty is still essentially one of production. We want more capital, and a larger share in the production of what we consume. If, for instance, I were to invest in the timber trade of the United States, my effort to provide work for anxious would-be workers would be successful. In that country there is an adequate import duty on manufactured timber work. It is apparent, then, that the chief solution of the poverty problem is to be found in the securing of fair play for the home-producer. As soon as that is done, there is bound to be a great addition to the amount of the capital which is invested at home, and a corresponding increase in employment.

Those Socialist palliatives are, however, deliberately designed to secure the very opposite result. They are one and all aimed at capital. There are to-day a large number

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of the unemployed. What is the Socialist palliative? Instead of making rational fiscal arrangements which would safeguard and stimulate the investment of that further amount of capital which is needed to produce work for the workless, they seek to reduce capital in use by treating part of it as income.

With regard to Old Age Pensions, this is, of course, neither a Liberal nor a Labour proposition in point of origin. Its manner of realisation reflects credit on neither party. From the instant that the principle is conceded that old folk are entitled to a State pension, the granting of a dole of a paltry 5s. a week on reaching the age of 70 covers the whole effort with contempt. Thanks, however, to our present grotesque fiscal arrangements, we cannot put on the table the money for even that. It is clear, however, that in the near future this amount will be increased. Indeed, I am confident that the Socialists already recognise that the scheme is one under which they may be able to hasten a financial catastrophe by treating national capital as income. If the age-limit

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be reduced materially, and the amount of the pension be substantially increased upon non-discriminating and non-contributory lines, both of which accord with Socialist policy, these Old Age Pensions may yet play an historic part as a destructive feature of the early transition period.

But what should be our policy in this matter? Had we insisted upon a contributory scheme from the start, the result would have been that, in a time of exceptional poverty and distress, the enjoyment of pensions would have been postponed for many years, until a contributory basis had been built up. Such a basis should, however, be inaugurated at once, and notice should be given to present workers that after a definite number of years no further pensions on a non-contributory basis will be granted.

A pension scheme upon the full Socialist lines would profoundly and disastrously affect productivity. Not only would the supply of capital necessary for productive purposes suffer a serious diminution by being dissipated as income, but individual produc-

tivity would be lessened when it was known that whether a man worked or shirked, he would have comfortable provision made for him in middle age. For we may be sure that the age-limit would descend, and the amount ascend, solely in sympathy with Labour's electioneering necessities.

From the old we turn to the children, and find a subtle palliative there. It is imperative, of course, that the little ones who are unable to provide for themselves should have a sufficiency of good food. Humanity, no less than the interest of the race, demands this. Here, then, was a fine chance for the Socialists. The Provision of Meals Bill came into force on January 1st, 1907, and the Socialists at once proceeded to exploit it. Innumerable charitable agencies, however, stood in the way. For years past they had been undertaking the work of the feeding of necessitous children, and they insisted upon being allowed to continue to do so. The necessitous children are, however, merely the driving power of the Socialist appeal. The aim is to relieve all parents of their liability

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in this respect. For instance, the Rev. Conrad Noel announces in his book, *The Labour Party: What it is and What it Wants*, that "the necessary corollary of free compulsory education is free compulsory meals." A curiously sinister sidelight on this movement is found in Mr. Will Thorne's Report to the Biennial Congress of the Gasworkers' Union which was held at Leeds. "If"—wrote this worthy—"the organised workers who were out on strike were perfectly sure that their children were getting plenty of food, it would give them more energy and encouragement to fight on until they got what they were fighting for." From this it appears that, according to Mr. Thorne, the children are to be fed at public expense, not for the reason that their parents are unable to carry out their natural obligations, but so that relief may be given to Labour's exchequer.

Further, we now have the medical inspection of school children, and the palliatives are fast converging upon the central plan, which is nothing less than the complete up-

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bringing of children at public expense. Even so moderate a Socialist as Mr. Wells has written the following:—"Essentially the Socialistic attitude is this—an insistence that parentage can no longer be regarded as an isolated private matter; that the welfare of the children is of universal importance, and must, therefore, be finally a matter of collective concern."¹ On page 55 of the same work, Mr. Wells confirms his position, and writes clearly that the object is to throw upon the State the whole financial burden, not only of children, but of mothers too. And this is a correct statement of the Socialist policy. From free education to free food; from free food to free medical inspection, so far we have travelled already. Are we so very far from the Socialist goal?

In this matter I feel confident, however, that the Socialists are making a tactical blunder. I am sure that the majority of parents would resist to the last a State interference such as is contemplated. "My children are my own" is likely to be the reply

¹ *New Worlds for Old*, p. 39.

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of British fathers and mothers. For, be it remembered that it is not proposed by the Socialists that the State should shoulder the expense without arrogating to itself the complete control. If the State, however, makes itself responsible for the upbringing of the children of the State, it surely must reserve to itself the right of deciding who shall be allowed to be fathers and mothers. Later, it might even be found to be necessary to limit the number of births. If the productivity of the country were organised ineffectively, it well might be that the numbers of consumers would become a vital concern.

It seems to me that there are two important matters to be considered. The one is the physique of our children, and the other is the development of character. Writing quite frankly, there is only one way in which racial physique can adequately be improved, and that is by debarring the physically, mentally, and morally unfit from the perpetuation of their infirmities. With a murmur of public approval, we hang the man who kills. And that is just. But we have no punishment at

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all for that other, whose gift of life is a thing of living death. The murderer, after all, is merciful in his swift blow. The father who should never have been a father, condemns his little ones to a clouded life of torture or disease; or to one of want through natural weariness; or to one of crime through taint of blood. Will the Socialists deal with this problem? Will anyone be bold enough to face it? It goes to the very root of half the agony and criminality of our time. It involves all classes, and, in treatment, all classes must be dealt with alike.

The blood taint, of course, vitally affects the character of the over-shadowed, and the Socialist scheme of State control would complete the mischief. If the Socialists really believe that character is built up in the Board School, let them say so. The parents will, at any rate, be then aware of the Socialist estimate of them. I am confident that it is to the home influence that the majority of good and useful citizens owe their outlook upon life, and their conception of duty.

This, then, is what this much-applauded

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palliative may be reduced to. Some children are ill-fed, so put all the children on the State! Yes, but would it not be better to so arrange the country's trade as to secure work and wages for the parents, and then allow them to look after their own children? Oh, dear, no!—that is no sort of a solution for a Socialist. If poverty and unemployment were removed the parents would have no use for Socialism. How far, then, is the parent relieved by this palliative? In exchange for State maintenance of his children, he is called upon to surrender their control. Yes, but where does the State find the money for that maintenance? By the old trick. Capital is raided. Capital which should rightly be used in production to create work for the workless is taxed into the State coffers, and is there regarded as income. Thus this palliative, so-called, merely intensifies the evil which it professes to relieve.

Perhaps the foremost palliative is that which is represented by the proposals which were recently embodied in the "Right to Work" Bill. The fact that this astounding

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measure was introduced from the Liberal benches is pregnant with warning. Socialists, it seems, are not infrequently afraid of their own name, and Mr. P. W. Wilson—that noisy publicist of the *Daily News*—prefers to describe himself as a “Collectivist Liberal.” So, too, does Mr. Leo Chiozza Money. We will leave both of these masked Socialists to make clear their positions with their constituents.

Mr. Wilson’s Bill was designed to cast upon the community the burden of creating work at a standard rate of wages for all who were in need. This would, of course, involve a wholly artificial system of production. If the commodities produced were things of general utility, we should have State and municipal bounty-bolstered production in unfair competition with the output of individual citizens. The only effect of this, so far as labour is concerned, would be a broadening of the basis of unemployment. It will be obvious that many individual firms, with their limited capital, would be unable to continue to produce in rivalry with the privi-

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leged State competitor. Mr. Wilson's crude statesmanship inclined rather, I fancy, in the direction of reclamation schemes and farm colonies. In other words, capital was to be diverted from spheres of primary and first-class productivity to schemes which were commercially grotesque and economically foolish. Mr. Burns, in the course of the debate, made a speech which "killed" Mr. Wilson's legislative abortion. "What was the kind of work which the Labour Party wanted for the unemployed?" he demanded. "The same that he was providing now at Hollesley Bay and elsewhere. [The work at Hollesley Bay had cost in four years £100,000, and the annual net loss had been £22,000.]"¹

With characteristic self-contradiction, these Socialists who declaim against what they call "Useless Employment" and non-productive labour are always ready to champion a vast extension of the same evil. If the full beneficial value of capital in use suffers a diminu-

¹ See Parliamentary Debates, House of Commons, March 13th, 1908.

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tion, for the reason that a portion of it is to-day invested in the production of articles which are not of primary necessity, the effect will be identical in the works contemplated under Mr. Wilson's silly Bill. How can that which, according to Socialist appraisal, is a crime in the private person become a virtue if only it be encompassed by the State or by the Local Authority? It seems that these callow law-makers have as yet failed to grasp that the solution of the Unemployed problem can only be successful if it be qualitative as well as quantitative. The Socialists themselves never weary of telling us that every man who is not usefully employed, lives partially or wholly at the expense of the genuine producer. When, therefore, as a palliative for unemployment, they father a scheme of State-endowment of useless, or, at any rate, artificial and inefficient employment, so far from solving the problem they are intensifying its evil effects.

This "Right to Work" Bill is, indeed, the most shallow of all the palliatives. The Socialists turn to the unemployed of the

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towns, and cry, "Back to the land." They assure their crowd that the land is a splendid treasure store. What land? The land which the capitalists do not till. But we are told that these same capitalists are the incarnation of greed. If the land does not pay them, how in the world will it pay a mob of poor townfolk who do not know the difference between barley and oats? "But has not the State the money? Will not the State see you through?" That brings us to the crux. The State will have no money which does not come from the productivity of the workers. Their proposal, then, is one to tax the producers in favour of the privileged and inefficient shirkers. And thus is the lie given by Socialists to their own promise. They proclaim that Socialism will secure for the worker the full produce of his labour. It will do nothing of the kind. The inefficient worker would starve on the produce of his efforts. His share is to be supplemented at the expense of the sound producer.

Such is the Socialist palliative for unemployment! We should get something

better from Bedlam. The would-be worker who is without the means of earning his living is deserving of something better than that. Surely his position is too grave for mere palliatives! It is an unanswerable indictment of our present system of production. We accept for our workers what the rest of the producing countries leave. And much of that which they do leave is only of a secondary quality. This problem can never be decided by a mathematical statement of exports and imports. The question is not one as to whether, in point of millions, our exports are equal in amount to our imports. It is not a question of exchange value, but it is one of labour value. It is not quantitative, but qualitative. It will be obvious that if we export raw material by way of payment for manufactured goods, we are doing deplorably bad business for the British working man. That is clear. Excluding raw materials, however, if the foreigner sends to us goods which represent a maximum of labour value, and takes from us, by way of exchange, goods which represent a minimum

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of labour value, the effect, though less obvious in its working, will be almost equally disastrous.

The Socialists never seem to concern themselves with such trifles as qualitative distinctions. They actually assume that labour has a value in itself. The mere fact that a man toiled would entitle him to the satisfaction of his needs, wholly irrespective of the exchange value of his product—if any there were. Their economics are those of a lunatic. The much-vaunted Socialist palliative for unemployment is then, at best, merely a proposal for artificial industrial respiration, conducted to the detriment of the social system generally. We scorn this. And not for the reason that we have no sympathy for the “out-of-works,” but because we have so much concern for their position that we refuse to “patch up.” We will listen to no half measures. We search for the cause of the mischief, and trace the disease to its very roots. We believe that we shall be on the road to recovery when we have introduced sanity into our fiscal conditions, and have

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faced the fact of a surplus population, with a practical recognition of the necessity of State-aided emigration to our own Colonies.

A crafty attempt is being made to popularise palliatives—or Socialism by instalments, for they are the same thing—by demanding a crushing super-tax. Perhaps most of us look askance at millionaires. We think that they are fair game. They have more than they can possibly need, and we all, of course, believe that we have infinitely less than we deserve. A big super-tax—why not? If that be the attitude of the average middle-class man—and I believe that it is—we can all understand that the same feeling actuates the working classes even more strongly. The unpopularity of vast possessions is, then, a fact upon which history in the near future will be made. It is urgent that we should think clearly upon this matter, and cleanse our minds of prejudice as well as of cupidity.

When a Socialist compares the position of a pauper with that of a man of millions, we scoff and lose patience with him. We feel

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that the comparison takes no count of the intervening stages, and that it is, consequently, unfair. Surely we should realise that when we ourselves make our own selection of a point of comparison, but from some slightly higher grade, our sin is the same as that for which we condemn the Socialist. The only distinction is one of degree.

The whole question should, of course, be decided upon principle, and upon principle alone. It will be conceded by all, I imagine, that the amount of an individual's contribution to his country's needs should be determined by the value of his stake in the country. That principle is unanswerable. But, after making this admission, we are at once confronted with practical difficulties. Can we adequately tax the wealthy—within terms of this principle—without injuring ourselves? Heavy death and succession duties appear at the first sight to be most just and helpful. But are they actually so? Have these duties injured the productivity of the country? If they have, they have injured us. Now, where

does the money with which these duties are paid come from? The answer is, of course, from capital—from capital which, under investment, would have provided work for men, who, in turn, would have helped to provide more capital, which, in turn, would again have been similarly utilised.

The next question is—Where has the capital in the shape of these duties gone? The deplorable reply is that it has gone to income. The amount has swelled the revenue of the State. Some of it has gone in Hollesley Bay experiments—other portions more satisfactorily, perhaps—but it has all been treated as income. It is practically dead. In the hands of its previous possessors it was alive, made work, and had the gift of wages in it. I submit, then, that where it is proposed to make deductions from capital in use, in favour of the State, these deductions will inevitably injure the workers unless they be ear-marked and invested in productive works of primary value. Further, if State production is, in point of quality, of less labour value than individual produc-

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tion is, the workers will still be, to that extent, the losers by the displacement.

Seeing that a heavily increased taxation of big estates and incomes is certain to be a feature of the transition stage, and, as likely as not, the method of expropriation, the matter is deserving of fuller consideration. What should be our attitude on the subject of a graduated income tax? Surely the answer is that we should not injure the country's productivity in our attempt to equalise contributions in their incidence. There seem to me to be two ways in which such injury might be sustained. For instance, by a graduated income tax we might easily destroy the incentive in those who to-day stimulate production. A great leader of industry might well conclude that he was far better off if, for instance, he did £12,000 worth of work and netted £10,000 than he would be if, under pressure, he made a £30,000 effort and was only allowed to retain £20,000. A graduated income tax of a crushing character would undoubtedly have an effect upon individuals such as this.

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But in another way the influence would be even more marked. It may be taken for granted that every sovereign which could be removed from the country would go to other lands where heavy imposts were not levied. "Ah," the Socialist cries, "what can you remove? The land!—you *cannot* take that; and the houses and factories, mills, pits, and railways—all must remain!" Well, let them remain. Suppose that those who receive that sum of £600,000,000 and more, in the shape of rent and interest, every year send the far greater part of it to other lands for investment, the land, mills, factories, and other means of production will be starved for lack of working capital and renewal funds. The Socialists may challenge the likelihood of such a development, but the thing is actually happening to-day on a smaller but ever-growing scale. Upwards of £80,000,000 net (after allowing for conversion) was sent out of the United Kingdom for investment in foreign countries during the year 1906-7, an increase on the average rate of the previous fifty years of some £47,000,000.

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[The Socialists might rejoin that if the capitalists take this course, they are merely injuring their own property. What would that matter to them if they were convinced that so far as their interest in that property was concerned, it was to be entirely expropriated in the name of State acquisition? The amount which is at present removed for foreign investment bears only a slight relationship to the far larger total which would be similarly withdrawn from the moment that Socialism became an actual menace.

If, for instance, Mr. Philip Snowden had the chance of legalising his absurd Budget proposals, capital would find wings. His scheme, as foreshadowed in *The Socialist's Budget* (p. 88), aims at a large increase in both income tax and death duties. The object in view is frankly declared in the following sentences :—"The Socialist object, as stated in the first chapter, is to secure all socially created wealth for society. Such a budget as we have outlined would be a new beginning to that end. The end would be achieved when, by the social ownership of

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the instruments of wealth-production, society owned and controlled the wealth produced. That is the Socialistic goal. Meanwhile, taxation may be used to palliate some of the evils which, in degree, must always exist so long as land and capital are the monopoly of individuals."

Does Mr. Snowden really believe that the capitalists are likely to stand by, meekly awaiting their turn to be slaughtered? Let him remember that the evolutionary Socialists, of whom he is one, assure us repeatedly that all changes will be made gradually. Thus an abundance of time and opportunity will be provided for the removal of floating un-invested capital. Surely it stands to reason that the only result of the threat of the infliction of these confiscatory imposts will be that capital will flow to those countries where it is least harassed. Then there will be need of palliatives, indeed; but, unfortunately, there will no longer be any fund out of which they can be financed. The Socialist working motto well might be: "Come, let us drive away the rich, and then we shall be able to

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starve the poor into Socialism." It is obvious that these are their tactics.

The inevitable effect of palliatives on Socialist lines has been manifested in Poplar. In that Union there was expenditure of a profligate character. Poplar administration took the form of a daring succession of palliatives, and the result was almost as disastrous in the case of the recipients as it was in that of the contributories. Mr. Davy, the Chief Inspector of the Local Government Board, dealt adequately with both of these aspects when he stated in his report:—"It is to be feared that the demoralisation which must accompany lavish grants of relief will long be felt in the district. The helpless position of the people who pay rates, and who, in many cases, are little better off than the recipients of relief, is quite pathetic."

That our social conditions demand reform no one who has studied them will deny. My whole point is, however, that we should eschew all schemes which are not inherently sound. Attractive palliatives may find favour

for an election, but, instead of tinkering, we must go to the root cause of evils if we are to achieve permanent good.

Evolutionary Socialists assure us that the first features of the Transition Period will be an extended system of Municipalisation, accompanied or succeeded by Nationalisation. I am convinced that events will falsify this prediction. I am absolutely certain that, given opposition, no headway whatever will be made with Municipalisation in this country. Municipal Socialism is and ever must be the lame horse of the Socialist stable. Socialistically considered, it is only a half-bred. It possesses only a few of the attributes of Socialism proper. Collective Ownership is one of them, and production "for use" and not "for profit" is frequently the other. It is true, of course, that it is usually only when a Municipality has failed to produce at a profit that it proclaims its belief in the comfortable doctrine of "invisible profits," and produces "for use"—at the expense of the ratepayers.

Yes, and that word "Expense" sums up

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the general popular indictment of Municipal Socialism. This form of Socialism is frequently costly, and the burden falls on the ratepayers themselves. The much-vaunted "collective ownership" is the ownership of the ratepayers; and regularly distributed demand notices, with their rising rates, give a tragic setting to these communal experiments. Furthermore, the management is local, and the ratepayers are able to take the measure of their own councillors and officials. These, then, are the chief reasons why Municipal Socialism is unpopular; it is costly, and the rates must meet the expense, and it is often inefficiently controlled under the very eyes of those who are paying for it.

Under Municipal Socialism the ratepayers believe that they pay a great deal, and receive little or nothing in return. Under Parliamentary Socialism the position is reversed. From every platform the mob-orators proclaim that the voters will be called upon to pay nothing, and will have only to stretch out their hands and take all that they need. Indeed, the good gifts are to be

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sweetened in the possessing by reason of the fact that they are to be the results of the spoliation of the "wicked rich." And, if you please, all doubts as to the possibility of achievement are lulled when it is known that it is the State that is to play the fairy god-mother. The State is big and remote. Instead of, perhaps, inadequate local officials, the greatest men handle its affairs. Nor is there any need for the voter to trouble himself about the money. The State's exchequer is filled by taxes—which come from somewhere, somehow, and, at any rate, have no place on these evil demand notices. It is true that the Socialists proclaim on the platform that Labour really pays all the taxes. The workers only smile at that, though. They know in their hearts that Labour does nothing of the kind.

In point of popular appeal, then, the two forms of Socialism are incomparable. To the ignorant voter, Parliamentary Socialism is just as attractive as Municipal Socialism is the reverse. He is "out" to grab a very big something that costs him nothing, and he is

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all the more desirous if a way can be shown to him by which he can loot from the rich at the ballot-box. Indeed, the game is delightful. Similar attempts in other forms have led to gaol!

I think it is probable that Municipalities will continue to control tramways, lighting, and water in one form or other. Probably in the near future the tendency will be to separate ownership from administration. Growing debts, rising rates, sensational "inquiries," all attest the fact that Municipal representatives are not and never can be demi-gods of many trades. In these days of specialisation a man is compelled to devote the whole of his working life to the learning of one business. As soon as he becomes a Municipal councillor, for lack of knowledge of the technicalities of the various undertakings, he must trust implicitly in the permanent officials. It is here that the ultimate breakdown will be found. The influence of officials as a body is prejudicial upon public life. Officials are, moreover, the very last people who can be trusted with vast powers.

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Let us have a few more Public Inquiries, and Municipal Socialism will be doomed. We shall find that it is by no means always honest. We shall find that it is usually as costly as it is inefficient. Here and there a specially favoured tramway system may be conducted at an actual and honest profit, but, as a rule, the returns from Municipal ventures are unblushingly fictitious. Notably is this the case in respect of electric lighting. There is the inherent flaw of bad management in the majority of Municipal undertakings, and it will not be long before the public rightly attribute the fact to a system which offers no permanently better results, and never can do so.

Even Socialists themselves, we may be sure, will in the near future abandon the idea that Municipalisation will ever prove to be a possible avenue to Socialism.

With Nationalisation the case is somewhat different. The operations are removed from the point of close popular scrutiny. Furthermore, deficits would, we may be sure, be skilfully hidden away somewhere when the

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National Accounts were presented. Losses, too, would not be a direct matter of local concern. They would not fall on the rates. It seems to me to be practically certain that we shall hear much more of Nationalisation proposals in the near future than has been the case hitherto. Actual organisation points in this direction. We already have societies whose aim is the nationalisation of the land and the railways. It is likely, too, that before long a similar body will be formed to encompass the nationalisation of the mines. The great question for us is whether Socialism can come this way. Many Socialists undoubtedly think so, and regard Nationalisation as a half-way house. Let us examine these possibilities.

If the land, railways, and mines were nationalised to-morrow, we should have reached the point of State-ownership. From that point it would be exceedingly difficult to recede. One can, indeed, scarcely conceive of recession. Such a thing could only result from gross maladministration and failure; and the inevitable result of such conditions

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would be that even if the State put up these undertakings for re-sale, private firms and individuals would have suffered so severely as the result of State mismanagement that there would not be the funds for the purchase. Possibly American or German syndicates might step in, and the country might thus be the subject of a financial conquest. Alternatively, some foreign Power might assert itself more forcefully, and, taking advantage of our enfeebled conditions, possess themselves without any payment at all.

To my mind, Nationalisation proposals are momentous concerns, for the very reason that they have every appearance of being absolutely final.

But impossible as recession appears to be, progress from Nationalisation to Socialisation seems to be even more hopeless, if that be possible. For if Nationalisation were successful, it would be to the interest of practically everyone to maintain the *status quo*. If it were a failure, Socialisation, which is simply a development of Nationalisation,

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would be scouted. I have previously dealt with the distinctions between the two systems, and it will be clear that the change from Nationalisation to Socialisation would be an infinitely greater one than that from our present basis to Nationalisation. Socialisation apart, I am convinced that Nationalisation on an extensive scale will never be accomplished in this country. The start will probably be made with the railways, and that, too, sooner than many of us dream. If the railways be the first undertaking to be nationalised, I am convinced that they will be the last. The merits and demerits and probable effects of such a proposal have been brought under examination by me in another work.¹

It will only be necessary now to refer to the one factor which may be expected to secure the condemnation of all Nationalisation proposals. I refer, of course, to Officialism. It will be urged that we have our railway officials to-day. So we have. There is, however, a vast difference between men who

¹ See *The Case against Socialism*, Chapter XVI.

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are employed by private companies and similar men in State employ. This arises from the varying conditions of tenure. Government officials are a race apart. For practical purposes, they have billets for life. The railway official is an office-holder during efficiency only. If he fails to give satisfaction to his employers and their customers, he is liable to removal. Resourcelessness, refusal to move with the times, discourtesy, and high-handedness—these very traits, which would secure his dismissal under our present system, would actually be accounted as being meritorious in a State official.

Once nationalise the railways, and we should soon know what officialism really meant. Think of the hundreds of thousands of men who are employed on our railways, and try to estimate the power which they could and would wield. "If all the Government workers were organised, there was no Government that was strong enough to resist their demands." So spake that stalwart Socialist, Mr. Quelch, at Woolwich, on February 10th, 1908. An ominous warning

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that! And what—if you please—is to be the limit of those demands? And how are they to be met except at the expense of the rest of the community who are not Government workers? We should be wholly at the mercy of these men. The pay they received, and the hours that they proposed to work, would be of their own determining. They would decide the elections in four score constituencies, and, with the confidence which their security of tenure would give them, they would be prepared to go to almost any length to secure their demands.

It would be speedily discovered, too, that in business affairs the State official was a vastly different person to the ordinary railway officer. If there is one principle of State control which is more deeply rooted than another, it is that paralysing unwillingness to accept responsibility. "Pass the thing on to someone above you," is the rule of life in Government offices. Business men who wanted quick transit and special rates would find that commerce was well-nigh impossible under the altered conditions. In "The Case

against Socialism," the State railways of other countries are brought under review, and I earnestly refer those members of Chambers of Commerce who have light-heartedly voted for Nationalisation to that source. It is because I am convinced that one taste of Nationalisation will be sufficient to sate our appetite that I am unable to believe that Socialism can ever come by that way. I have a lurking suspicion, too, that some of the Socialist leaders share this view. The advocacy of Nationalisation is perhaps indulged in to serve the useful purpose of attuning the public mind to collective ownership.

For the reasons indicated in this chapter, I reject the suggestion that Socialism will ever come along the paths of Municipalisation or Nationalisation. Nor am I a believer in the practicability of any transition stage at all of considerable duration. Palliatives at the cost of the nation's capital, coupled with aggressive predatory legislation directed against capital, would result in such unexampled poverty and starvation, owing to a greatly diminished production, that the

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masses might "rush" the State. If Socialism ever curses this country, it will be encompassed by a famine-stricken mob. It can come by revolution, and by nothing short of revolution.

The notion that a scheme which is biologically preposterous and economically grotesque can be reached by processes of evolution over a prolonged period is an incredible denial of intelligence to the people, not of an epoch, but of many decades, and perhaps centuries. Besides, such a belief is based upon the assumption either that each stage of this impossible evolution will be passed without a breakdown, or, alternatively, that, a breakdown notwithstanding, the people will cling to the faith that the more devastating the intervening industrial disasters are, the more certainly will the complete development of the principles of failure lead to success.

Until it is accepted that folly the most egregious is the only way to wisdom; that poverty is the one path to plenty; that calamity alone unlocks the gates of safety;

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and that tyranny is the only source of freedom—not until then will Socialism be attained through “evolution.”

None the less, the evolutionary legend is grateful and comforting to waverers and falterers. There is a smack and suggestion of science about it which is peculiarly agreeable to those who know not what science is. It is fine rhetorical food for the dupes, and, when all is said, this same Socialism is such a sublime imposture that, as likely as not, the very impostors themselves have been imposed upon.

CHAPTER VII

PRESENT EVILS AND SOME POSSIBLE REMEDIES

TO-DAY, owing to a variety of causes, there is an amount of unemployment which is almost unexampled, and poverty is the portion of our people to an extent which is well-nigh unparalleled. The special conditions of our time are, I believe, responsible for the present intensity of both these afflictions, but, none the less, the root causes are not transitory. They have been gradually and silently at work since the early years of the last century.

The advent of steam power and machinery brought with it great mills and factories. Production was revolutionised. For a short while there was a struggle between living hands and big wheels. Then the hand-loom was

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driven out before the power-loom; the cottage industry was beaten out of place by the factory, and in that era of huge undertakings and associated working the little master-craftsman went under. So vast a change was fraught with both blessings and evils. Civilisation has had the advantage of the former, and justice demands that statesmanship shall correct the latter.

Production on a giant scale has resulted in a cheapening of commodities, and, consequently, has favoured the consumer; but at the same time associated production has in many ways dealt cruelly with the individual producer. The problems of production are, to my thinking, of infinitely greater importance than are those of consumption. If a man earns no wages, he has no money with which to buy commodities, however low-priced they may be. Further, extended production assists the consumer, for every advance which we make in productivity results in that larger output, which will itself secure within limits lower prices. Thus one might say with truth: if we look after the

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producer, the consumer will be able to look after himself.

To-day, however, in this country we have not enough work for all. Around every industry there is a belt of the unemployed, and although in the skilled trades in which Trades Unionism is strong, the presence of the unemployed does not so directly result in reduced wages, such is, unfortunately, the result in non-union trades. Never in recent years has human toil been more cheaply purchasable than it is to-day amongst casual labourers. The master simply fixes his own price, and however low it may be, there are always a hundred men who will be thankful to get it.

The folk whose circumstances are fortunate can have but little idea of what a terrible drama of starvation and struggle is being mercilessly enacted in the casual labour field. Desperate men are fighting, not for a week's work, nor even for a day's work, but for some small odd job, out of the payment for which even a loaf may be bought for the wife and little ones living in the room which

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is called "home." Let it not be imagined either, I beg, that these poor fellows are men who have been too slothful to learn a trade. Many of them indeed have been driven out of the Trade Union ranks through inability to pay their way. Many of them are skilled men who have lost their employment through depression. Not a few of them are foreigners, Polish Jews with a stolen English nomenclature, who, thanks to their alien standard of requirements, cut down the competitive wage price even lower than the lowest possible British subsistence level.

We must face the facts. This is what is happening to-day. In some measure the same misery has been torturing some of our fellows for generations. To-day, however, the area is enlarged, and the volume of suffering is intensified. The universal cry is for work. And work must be provided. If statesmanship cannot find the remedy, the indictment against the present system will be unanswerable. It will then be said, and justly said, that our existing social basis is

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inhuman, and that civilisation, as we interpret it, breaks down utterly at the very point where the demands upon it are most urgent.

Then there are the equally hopeless lives of those who slave all the hours which God sends for the starvation pittance of the sweated industries. There are British women under the thrall of alien task-masters, and little children snatched from the playground to engage in cruel toil. These are no new problems, I know. Their solution, however, is part of the work that lies before us; it is part of the price that we must pay to maintain society as it stands to-day. We ought to have put these matters to rights long ago. At most periods in our industrial history we have had a fringe of unemployment. To-day, alas! we have much more than a fringe—nothing less, indeed, than an ever-broadening belt. And not only is the effect of this an appalling thing for those who are directly concerned, but in consequence the labour market generally is more and more demoralised. The positions of those in work become increasingly insecure. Fixity of

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employment even amongst skilled workers is practically non-existent.

Now, many of these men have little or no capital. Nor do they stand alone. Any blow which falls on them must be shared in many cases by a wife and little ones. And they know what suffering loss of work will bring in its train. Thus some security, some fixity of employment, is vital to peace of mind; and the absence of anything of the kind is a fruitful source of discontent amongst those who are at present in otherwise satisfactory employment.

Now quite apart from considerations of humanity, can we afford to have a great and growing mass of unemployed workers? Reviewing the situation callously, ought we not to economise human life? In the interest of that national industry which helps to create national capital, is it not the rankest folly to leave on the scrap-heap these valuable potential factors in production? It is out of the aggregate productivity that they are maintained. It is true that we put them on half-pay, or, rather, on quarter-pay, but,

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none the less, the little that these poor fellows do get is a deduction from the products of the labour of others. We acquiesce in the existence of battalions of non-producers in every town and village, who can only live at the expense, in one form or another, of those who do produce. It will be observed that I am for the moment entirely ignoring the considerations of humanity. I am condemning the present position as an example of the worst possible economic breakdown. The humanitarian will assure us passionately that the suffering inflicted upon many of these non-producers is appalling. I agree with him entirely. I know it. Periodically I go in and out among these poor human derelicts of industry, and on my return I thank God that I can see beyond the obvious. Else I should be a fool and a Socialist, and, so far from being of help to the downcast, would merely increase their numbers by the advocacy of a cause which is bound to intensify the world's pain.

To return, however, to the economical question. The evil that is wrought by un-

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employment is not bounded by the men and women who suffer. The children are only too frequently overlooked. If they are comparatively fortunate, poor little mites, they get perhaps one-half of the food which they ought to have, and perhaps even a smaller share of their rightful warmth and clothing. Are privations such as these not likely to have some lasting effect? Can you half-starve a young child for months and months without permanent injury? And these children are our producers of the future, and, more important still, they are the potential parents of producers. I still beg that humanitarian considerations may be ignored, and content myself by asking whether a continuance of this state of things is economically justifiable? Is it not bound to result in further physical and industrial deterioration?

It has resulted in physical deterioration. The evidence is clear. Let us examine—merely to take one instance—the lunacy figures. Since the year 1859 to 1908 there has been an absolutely unbroken advance in

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the number of lunatics. It might be urged that seeing that our population has increased nothing else was to be expected. The sinister feature of these figures, however, is that even when we take into account that increase of population, the percentage of lunatics has unbrokenly increased. The figures show that while in the year 1859 only one person in every 536 was a lunatic, in the year 1908 one person in every 280 was afflicted in that way. (See the Sixty-second Report of the Commissioners in Lunacy, p. 91.) It is frequently asserted that the high pressure of our time is responsible for this increase, but this would seem to be an unsatisfactory explanation. Indeed, on p. 9 of the Lunacy Report above referred to, we find this striking passage:—"The physical inferiority of the insane—which in no small proportion of cases is intimately connected with the mental disorder—is strikingly illustrated by the fact that these death-rates are at least six times as high as those calculated for the community at large."

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Some short while ago the public mind was distressed at the knowledge that it had been found necessary to lower the physical standard of the Army. *Lower it*—just think of that! Referring to this matter, Mr. Watt Smyth has written:—"In 1845 the standard height for admission to the Army was 5 ft. 6 in.; in 1883 it had been lowered to 5 ft. 3 in.; and in 1900 to 5 ft. In 1901 no fewer than 593·4 per 1,000 were under the old standard height of 5 ft. 6 in., and 511·8 were under the chest measurement of 34 inches, which was the minimum in 1883. The statistics also appear to indicate a progressive decline in the average weight, for whereas in 1871 159·4 per mille were under 8st 8lb., in 1901 325 per mille failed to attain this very moderate weight. Again, if the physical standard to which recruits now attain be compared with that of the race, it will be found that the average recruit of 1900, at the age of nearly twenty years, was 2 in. shorter, an inch less in the chest measurement, and 15 lb. lighter than the average youth of nineteen

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years, according to the measurement of the Anthropometric Committee of the British Association.”¹

It will be clear, then, that the indictment against our economy is a double one. Not only are we allowing valuable productive agencies to lie idle, but further, as the result of this enforced inactivity, the stock from which future producers must be raised is suffering deterioration, which, in all likelihood, will still further affect the race to come. Surely this is scandalous “business,” and worse patriotism.

From the humanitarian side it is, of course, monstrous. Let this be remembered by all : to-day there are more men who must live by their work than we can employ. Men, women and little children are living in privation and pain because there is not enough work to go round. This is what is happening to our own people, and yet we continue to allow our markets to be flooded with foreign-made goods. And we buy those goods while

¹ See *Physical Deterioration: Its Causes and the Cure*, p. 21.

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our own people who could have made them are starving! The toll which the Cobden Club demands is not only one of suffering and hardship for hundreds of thousands of our people at the present, but through, and as the result of, that suffering it carries with it a probably permanent deterioration in the future producers of our race. The thing is neither sane business, nor patriotic, nor humane.

Now let me meet another point. It is frequently urged—and usually by Free Traders of the Manchester School—that there are many of the unemployed who are unemployable. And so there are! Can we wonder at it? Is it really to be expected that it is in human nature to struggle for ever? What right have we to expect in the half-starved men who themselves are the sons of half-starved fathers, any great virility? Do let us be fair in this matter. There are wastrels, of course, in all sections of society. There are men in all walks of life who are hopelessly, incurably, and even religiously slothful. Well, we should accept them as

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a fact, and penal settlements have much in their favour. But to pick a poor fellow out of the ranks of the unemployed, and to judge him by what he does in his first month, or even by what he does in his second month, is outrageous. "If I got work to-morrow, I should be unfit for work for three months," is what a man said to me the other week. And I believed him. A poor fellow who for months has been living on the barest minimum is not physically fit to do himself justice. The long period of suspense through which he has passed has also told on him. Not only has he not the health for sustained manual effort, but he has also lost the habit of it. A gradual tactful process of restoration is required. If you turn a horse out of training, and then after some months start him in work again, you surely will not expect that he will, on the first morning, be able to cover the full course at his top speed. It is just as reasonable to look for the same thing in men who have been out of work for any length of time. And to describe them as being unemployable simply because they fail

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to achieve the impossible is merely a cowardly subterfuge made to avoid just responsibility.

I concede at once that many of the unemployed are unemployable. The fact remains, none the less, that a large number of them are not only employable, but they are intensely desirous of obtaining work. Because some are unemployable, statesmanship is in no way released from an obligation to consider the case of those who are not. Surely, too, the necessity is no less urgent to deal drastically with those who are. From whatever aspect we view it, then, the question of the unemployed must be faced. Socialism offers us nothing at the present but a policy of State doles and tinkering. That solution is contemptible. As I have already shown, it would merely perpetuate and intensify the evil. We must go to the roots. We must adjust the work of the nation to the workers of the nation. We must remember, too, that all money which is spent on tinkering and so-called palliatives is money wasted. Before I deal, however, with a scheme of amend-

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ment, I wish to survey the conditions in the other sections of the community.

In passing from the casual labourer to the men in the skilled trades, we leave the inarticulate for the articulate. The Trades Unions have been mostly exploited by the Socialists. And the outcry against existing conditions is measured, as a rule, by the completeness of Socialist ascendancy. I do not say, mind you, that an outcry is at all times undesirable. Indeed, I only wish that the hopeless and helpless casual labourers would find an organic voice. Socialist leaders, however, are no philanthropists. They make a rush for the Unions with large funds. That is why the skilled trades are articulate, and also why the casual workers are not.

It would, perhaps, have been expected that as soon as we reached those trades which are organised, we should have had at our disposal reliable statistics as to unemployment and so forth. This, however, is not the case. Nothing, of course, would be easier than for the Trades Unions to render absolutely accurate returns on this head. What, however,

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is the actual position? In September, 1907, there were 1,161 Trades Unions, with a membership of 2,106,283. Of these, only 273 Unions, with a membership of 631,241, sent figures upon unemployment to Government. Now, Mr. John Burns, in Fabian Tract No. 47, gave a reason for this. He stated that Trades Union leaders believed that if they gave a complete account of the number of their unemployed, the masters would profit by the knowledge of their men's misfortunes and secure some advantage for themselves. This Tract was written in 1892, and since that time a far less fanciful justification can be found for this secrecy. Fiscal Reform is advanced as a relief of unemployment. Trades Union leaders are for the most part Socialists, and they have long ago realised that Fiscal Reform gravely threatens the advance of Socialism. If, then, they allowed the workers to become cognisant of the real extent of unemployment, they might waver in their allegiance to a remote and, at the best, a purely conjectural remedy, and associate themselves with a party which was

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advancing a definite practical scheme for immediate needs.

It is only occasionally, therefore, that we are enabled to learn something of the real position as to unemployment in the skilled trades. If, however, we turn to Trades Union reports, as issued some two or three years ago—before the leaders realised that in a frank statement of the truth they were really recording evidence against the Free Trade system—we find much that is interesting and of significance. What, for instance, could be more striking than the following extract from the monthly report of the Amalgamated Society of Carpenters and Joiners for November, 1905 :—

FELLOW MEMBERS,—

The unemployed returns from our various branches do not indicate any improvement compared with the corresponding period of last year, as the October Report recorded 3,989 members receiving benefit, being only 100 less than October, 1904, and the amount expended in meeting these claims would not be less than £1,712 per week.

We may, however, derive a certain amount of satisfaction in noticing that whilst only about five branches in the United Kingdom describe trade as

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good, there are an increased number report it as moderate, whilst the almost entire absence of unemployed in the United States and Canada furnishes the one bright feature in this connection.

Again, I give an extract from the monthly report of the Amalgamated Society of Engineers for February, 1907, in which, after commenting on a 34 per cent. increase in exports in the five previous years, the secretary observes :—

And yet the returns only show, when taken in conjunction with other facts and figures, how little they have to do with real national prosperity. It is a lamentable fact that during the greater part of the very years showing such a wonderful expansion, *wages on the whole were actually declining, and the number of unemployed, which was 3 per cent. at the beginning of 1901, reached 4 per cent. in the year just concluded.*

To return to that important Union, the Amalgamated Society of Carpenters and Joiners, we find in the Forty-seventh Annual Report, which covers the period from December, 1905, to December, 1906, the calamitous admission that “. . . during the past three years 24,000 members have cast themselves

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adrift from our organisation, and gone to swell the army of non-Unionists already too numerous in our trade."

It may be pointed out that the worker does not leave his Union as a rule unless he is compelled to do so. The point of compulsion is reached when he can no longer afford to pay the levies.

Now, alas! unemployment in even the skilled trades has reached such a climax that secrecy is no longer attempted. Month by month the official figures show a terrible increase. And Socialist leaders who batten upon adversity make no secret of their confidence that in the necessities of the workless they will find an added driving power for their movement. There is, however, that little passage in their own Mr. Blatchford's book, *Britain for the British*, which should be remembered at this juncture. It is to be found on p. 107, and is as follows:—

It is instructive to notice that our most dangerous rival is America, where wages are higher, and all the conditions of the worker better than in this country.

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I agree with Mr. Blatchford, and I trust that this little reminder of his will very frequently be thrust on the attention of those Socialist speakers who decline to make any allowance for our fiscal disadvantage.

On the other hand, I desire once and for all to dissociate myself from those extremists who apparently imagine that Fiscal Reform will achieve all that must be encompassed. I can go no further than this; I anticipate that such reform will make it possible to secure a fairer share of work for British workers. I do not for an instant accept the assurance that Fiscal Reform alone would result in work for all. Nor can I accept these proposals in lieu of substantial reforms which are urgently required. Fiscal Reform, if scientifically and impartially conceived and gradually and tactfully adopted, will, I have no doubt, be an admirable foundation for a more tolerable system of production than that which obtains to-day.

I think that we should certainly make Fiscal Reform the starting point in our attempt to readjust work and workers. The

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further important advances which must be made will reveal themselves when we have more thoroughly examined the position which the workers hold to-day.

In diagnosing present conditions, but few seem to consider the effect of education. So many dismiss the worker as being merely a human machine. It seems that it is yet to be realised that he is a living man—with a mind. In days gone by the worker lived somewhere, somehow, in the shadow of industry under a canopy of smoke. Evil things happened then, I am sure, and, for my part, I shudder at the thought of them. Men and women, and little children too, took up their burden of toil and struggled and toiled in the dark places. The smoke hid much of the country's shame. Then on a day we did the right thing, and gave the workers education. Poverty has been taught how to think, and is now finding expression. But knowledge brings new interests and creates new wants. Under the sway of an improved mind the irresistible demand is for improvement in material surroundings. When a man

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begins to think, he thinks first about himself. When book-learning has uplifted him above what he was, he looks round at his home. He himself has taken a wider range, but his surroundings are still cramped and comfortless, and in many cases even squalid. It is then that he knows fully what poverty means. Poverty is no bar to knowledge, but knowledge in its coming only shows him how impotent he is to stretch out and take its best gifts while he remains in the clutch of poverty. His eyes have been opened; he sees what he might be; he sees what he ought to be. He himself is a new man; his life and his home must be a worthy setting. Long hours, an unfair wage-share of the product of labour, unemployment, and overcrowding were at all times evils and injustices. They have become intolerable now. Legislation in the past was often a failure in securing a chance for the toiler's body. Our club-chair gentlemen have up to the present completely failed to realise that in the future, and for all time, they will have to consider the toiler's mind as well.

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To-day, I am sure of it, there is, man for man, more desire for culture and a deeper yearning for knowledge amongst members of the working class than can be found in any other section of the community. Yes, go into the parks and start a discussion on Darwin or Ruskin, and you will find on every side of you men who have read; or, better still, go into the homes, and you will see bookshelves there, whose burden will set you thinking. And remember this: Never has the pathway to learning been more difficult for any than for these men. It has only been after a long day's hard work that they have been able to settle down to their reading; and the anxiety of straitened circumstances has been upon them all the time, for poverty is never so very far away from the worker's door.

The Socialists, then, have a great initial advantage. They have broken in upon the world at a time of transition. They come with their offer of a gospel which *promises* vast economic improvement, at the very moment when the workers are realising their economic insufficiencies. Our workers repre-

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sent a nation of young men fresh from school, and the Socialist thimble-riggers and sleight-of-hand performers are waiting for them in the market-place. A young man's education, however, only begins where instruction ends. Character, restraint, judgment, and caution are, as likely as not, far more rapidly and surely developed in the after-contact with the actualities of the life-struggle. The truth of this has been already finely evidenced in the case of many of the workers. In the course of years the same thing, I doubt not, will be recorded of the rest. Meanwhile, Socialism will have its chance. A writer—in the *Observer*, I think—declared recently that we have just as much Socialism as we deserve. Whether that assertion can be justified or not, we certainly have of late been hopelessly out of touch with popular needs. If every member of each House of Parliament would only spend two days of each vacation amongst the workers, the paralysing power of the arm-chair politician would be broken.

The first thing that the worker must have is work. Not in-and-out work, but secured

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work. Can anything be more demoralising than the ever-present fear of unmerited unemployment? Yet how many of the millions who set out with their tools on a Monday morning wonder whether they will be equally fortunate in another week's time? I am certain that this matter of security of employment during efficiency is the most vital of the day.

I am convinced, too, that it would alike be just and politic to give the worker a direct interest over and above his regular wages in the product of his labour. This topic will receive attention in the latter portion of the present chapter. Other important matters are, of course, shorter hours and better pay. These will no doubt engage consideration when an improved basis of national production makes their concession feasible. There is every reason to believe, I am thankful to say, that they will come before long; but they can only come gradually and by timely and harmonious agreement between master and man.

The first essential is the provision of more

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work—qualitative considerations will occupy us subsequently. Amateur statesmanship has evolved nothing cruder than that proposal for a universal legislatively-imposed eight hours' day. The scheme is a stupid and cowardly surrender. Instead of devoting every effort to the creation of more work for those who so urgently are in need of it, the idea is to accept our present limited production as an unalterable fact, and proceed to parcel out the working hours amongst all. We accept no present conditions as unalterable facts. We want more work, and we mean to get it. The only result of that Eight Hours' Day Bill would be to disorganise industry and reduce capital investment. Thus there would be more men than ever out of employment, and far less work in the country than there was before. In time—and I hope, too, before very long—we shall have an eight hours' day in most industries. But it can never come except by friendly arrangement, and it will never come at all unless we increase the productivity of the country.

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There are still with us not a few who take up the position that Labour should look after itself, that general conditions should remain unchanged, and that each individual should work out his own salvation. Such persons are—unknowingly perhaps—very unjust. At any rate, they take no account of the effects upon individuals of the industrial revolution. In these days of machinery artisans are specialists. Machinery has infinitely subdivided the trades. In the old days of the hand-workers a man was master of his whole output, in the sense that, in all likelihood, he himself made the whole of the article produced. To-day the same article passes, it may be, through a score or more of hands, and each worker is a specialist, confining himself to some minute feature of the production. This fact materially intensifies his difficulty in regaining employment. He is not a tailor out of work and qualified to do tailor's work; he is a fitter or a finisher or a baster, or something else equally minute. The same thing must be written of all trades, and we are thus introduced to an entirely new

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feature in industry, which, in itself, entitles the workers to special consideration.

Socialists, I know, are ever anxious to lay the blame for much of our present suffering upon machinery. Their assertion is that machinery is responsible for a grave displacement of labour. Machinery has undoubtedly displaced labour, but not in the sense that it has supplanted it. If evidence be required upon this point, it is to be found in practically every factory in the land. With expanding markets—as Mr. Ramsay MacDonald himself has written—machinery creates a demand for work, “partly because the machinery itself must be made, and partly because it cheapens production, and therefore increases consumption.” (See *Socialism and Society*, p. 52.) It is only fair to the writer whom I have quoted to state that he proceeds to assert that capitalists utilise machinery to cut down wages. Probably instances of this can be found. I believe, however, that it has long ago been realised that cheap labour is, after all, the dearest—that is, in the skilled trades—and the power

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of capitalists to enforce arbitrary rates has been removed by Trades Union intervention.

It will be obvious that security of employment will never be attained as long as we have battalions of unemployed clamouring at every factory gate. Palliatives are useless in this matter. We must go fearlessly to the root of the evil. Our aim should be to decline to create by artificial means non-productive or merely partially productive employment. In such a way we achieve only a trifling and temporary advantage under conditions which involve serious and probably permanent injury to productivity.

Let it be conceded, too, that Parliament, at the best, has a Delilah taint. There are some who imagine that Acts of Parliament can effect miracles. For my part, I gravely doubt whether Parliament, in its ever-widening sphere of experimental legislation, achieves enough of success to compensate for its failures. A case which immediately suggests itself is that of the Compensation Acts. Excellent service has resulted from these measures, and yet, at the same time, also an

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infinity of harm. How many tens of thousands of workers are there who are walking the streets to-day solely because these measures are the law of the land? Who foresaw that the passage of the Compensation Acts would result in the tragic fact that an artisan is "too old at forty"? Yet insurance carries with it financial risks, and the rates for younger men are less heavy. The legislation in question was something more than a palliative, and, within certain limits, it has proved to be a blessing. The point of breakdown merely illustrates the truth that Parliament is by no means infallible, and not infrequently wounds when it desires to succour. Let us have fair trading conditions, and a sufficiency of work for our people, and most of our social problems would solve themselves.

Before I deal with constructive reform, I desire to survey the present position, and review the circumstances of the remaining "classes."

When we leave the artisan, and come to the clerk and the little shopkeeper, we are faced with the acutest problem of our times.

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The artisan is to a large extent organised. He has, moreover, his Parliamentary representatives, who seek to compensate for their defects in statesmanship with a vast amount of noisy clamour. From the standpoint of sound and valuable contribution to political thought and government, the Labour Party, as a whole, is a failure. One looks in vain for even a suggestion of statesmanship in their conduct during the present Parliament. I admit that we ought not to judge them too harshly, and, indeed, had it not been for their unstinted self-advertisement, I should have refrained from commenting on them at all. I am satisfied that they do not represent the best of their class. The outlook of the majority of Labour M.P.'s is just as narrow and as hopelessly confined as one would expect it to be. These men are the most abject of "Little Englanders." If Parliament had no concern beyond the limit of the British Isles, their position would be less incongruous. They seem to imagine that they have effectually mastered foreign politics when they have transmitted some

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fraternal greeting to foreign Trades Unionists who are as grossly ignorant of statecraft as they are themselves. Their conception of their responsibility to the Empire is to imbue native races with the dangerous and absurd belief that a white heart is to be found under a black skin.

Any success they have attained has been extorted by methods of political blackmail from a cowardly Administration. And, in time, their work will be appraised by their dupes at its true value. In less than three years they have disastrously affected national productivity, and have intensified the very poverty and distress which they were returned to remove. Still, such as they are, they sit as the representatives of the artisan class. These paymasters of theirs demand results, and the future prospects of the country are heavily and wantonly mortgaged, and all other classes are condemned in penalties, so that those salaries may be justified—in a way.

Meanwhile, the little shopkeeper and the clerk has no direct Parliamentary representation, although the position of these classes

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is to-day incomparably more appealing than is that of the better paid artisan.

I have reason to believe that there is infinitely more poverty amongst our clerks than there is amongst the manual labouring class, and I am certain that not only is the wage lower in the case of the former than it is in that of the latter, but also that there is even less security of continued employment. It is, then, cruel and unjust to a degree that the special class legislation which Labour, with its organisation at its back, is able to extort, should be conceded at the partial expense of men who are more necessity-driven than are the artisans themselves.

The condition of the clerk aptly illustrates the truth that industries are interdependent. The clerk's occupation is prodigiously overcrowded. Why? To no small extent for the reason that in other employments there are more workers than work. Artisans imagine that there will be a better chance of fixed employment for their sons if they are sent to an office instead of to the workshop.

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For some obscure reason, too, the idea seems to be accepted that a clerky post shows an advance in the social scale. However this may be, the applicants for office-stools are out of all proportion to the vacancies. If only someone will raise the cry of "Back to the Workshop" much good will result—supposing, that is, that an increased share of production be secured for British workers.

The clerk's position has been stormed from yet another quarter. Within the last decade, women and girls have entered the ranks in competition with the other sex. They do men's work for infinitely less than men's wages. They are peculiarly in a position to undersell male labour. They are not bread-winners for a family, as a rule, and frequently have need to support no one but themselves. Indeed, it is in many cases not necessary for them to do as much as that. The situation thus created is a grave one. The male is subjected to a grossly unfair competition. Surely, when women compete with men, that competition should be on terms of wage-equality. A woman who undersells some

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other girl's father is a blackleg to her sex. She is engaged in a heartless economic wrong. I imagine that an effective Trade Union which embraced both sexes might be of great usefulness in this matter. Unless this is formed, I can see no prospect of relief for one of our most deserving classes.

Socialists speak with confidence of the advance which they are making in the enlistment of the small shopkeeper under their banner. This is inexplicable to me. Evil as is the case of the little tradesman to-day, it would be unspeakably worse under economic Socialism. It may be very difficult for this class to make a living now; with Socialism, even that chance would be lost. For Socialism would drive this class wholly out of being. The small shop would go before the giant State store, and, instead of being an independent master, the present dealer would be fortunate if he were selected as one of the counter brigade of the new system. Tradesmen would do well to remember, too, that Evolutionary Socialism, in its coming, would fall most oppressively on

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them. To-day their outgoings for public needs are cruelly heavy. Every further move in the direction of Socialism would merely add to that total. The small trader, who can ill afford to educate his own children, is to-day compelled to contribute to the support of the children of artisans, who, in the majority of cases, are far more fortunately circumstanced than he is himself; and in numerous other ways he is condemned to help to bear the burdens of others. If this fate be really attractive to him, then by all means let him become a Socialist. Socialism is full of perplexities, but one feature, at any rate, is unmistakable. It is ruinously costly.

We have seen how, since the introduction of steam-power, the master craftsman has passed out of being, and has been supplanted by associated and specialist workers. Is the same development to be followed in distributive agencies? The Socialists make vast capital out of the big store, and warn the little man that his doom is at hand. This threat seems to me to be specially disingenuous, for the reason that with the advent

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of Socialism the destruction of the small trader would be absolutely complete. It may be frankly conceded, however, that much of the adversity which has befallen the little shop is attributable to these stores. It seems to be certain, too, that the scheme of associated distribution will make further advances. There are two factors, however, which will continue to tell in favour of the small capitalist. The one is that he gives credit, and the stores, as a rule, do not; and the other is that his shop is within a stone's throw of his customers. But why should the whole advantages of association be exclusively enjoyed by these stores? They are able to sell cheaply because they buy in huge quantities, and, consequently, at lower rates than does the small trader. Is it impossible for these little merchants to band themselves together, and place those big orders which would put them on terms of approximate equality with the stores? Could they not, too, come to some working arrangement with one another, and eliminate some of that harassing competition which flows from the

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fact of there being so many trade rivals in almost every street? Surely if they are to survive, it will be necessary for them to meet organisation with organisation. Their problems are economic, and require an economic solution.

In Parliament they have no direct representation, and the same must be written of the clerks. A Parliamentary Party might be of a defensive usefulness, and, if it were strong enough, it might safeguard this class from any further unfair impositions. But no Parliamentary Party, however stalwart, will win their economic salvation. It should be remembered, too, that for the last half-century or so a majority of those who have conducted our local affairs have come from this class. What good, I wonder, have they accomplished? As the net result of their labours, the very class from which they themselves were drawn is to-day the most inequitably treated in point of the incidence of rates and taxes. Hitherto all attempts to organise this class have failed utterly. There is—or was—in being a body named “The Middle

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Classes Defence Organisation," and perhaps the only usefulness it has achieved is to be found in the instruction afforded by its failure. Now, this organisation had every chance. Newspaper editors were wonderfully kind to it, and gave ridiculous prominence to the outpourings of suburban mediocrities upon "the situation." None the less, the membership was never more than a ridiculous fraction of those who were qualified to join. Why was this? The reason, of course, is to be found in the fact that the body was not worth joining. Such objects as it had, offered no economic advantage. It never, for instance, attempted to show the clerk how he was to hold his own against the unfair competition of low-priced female labour, nor did it offer any practical help to the little tradesman who was being crushed out by the store. Its objects, in fact, are merely a catalogue of vague platitudes, conceived without any practical recognition of the actualities and stress of life.

How different was the organisation of the Trades Unions! Yet surely there should be

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as much brain power in the middle classes as there is in the artisan. Does anyone imagine that the Trades Unions would ever have made progress unless they had had definite and practical results to offer to those who joined them?

Quite apart from the complete lack of imagination which rendered the "Middle Classes Defence Organisation" insipid and useless, there was an inherent and radical flaw. Who constitute the "middle" classes? A definition would be impossible, and this body did not attempt one. On p. 5 of the Annual Report for 1907 we find the following :—

It is worthy of note, in passing, that the title of the Organisation deliberately avoids the ambiguity of the term "Middle Class" by adopting a *plural* form. The need for defining what is meant by "Middle Class," therefore, disappears, as no one will be prepared to dispute the existence of a vast number of sections of the community to whom the terms used undoubtedly apply.

Was there ever anything more ridiculous? It is quite true that there may be many sections of the community to which the term of the "Middle Classes" might be considered by

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the members of those sections to apply, but—and here we find the flaw—those sections have conflicting economic interests. None but the most impractical optimist would delude himself into the belief that those sections could ever be co-ordinated. If the objects were sufficiently colourless, agreement might be arrived at; but this consummation would of itself be destructive of all prospect of practical achievement. And this, of course, is what happened. The movement—such as it was—was pitifully “genteel.” Weak tea and cucumber sandwiches were the stimulus, and “correct” manners were more important than brains. If the middle classes are to safeguard themselves, they must set about it on very different lines. And each section must work out its own economic salvation. Possibly all might unite on the occasion of elections, but for working purposes they must act independently. And, above all, they must be organised upon Trades Union lines, with cash contributions made to secure an adequate financial return.

As a start, we want a Clerks’ Union and

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a Professional Classes League, also a strong Tradesmen's Federation. It should be realised that in a time when capital and labour are already organised, the intervening classes will be squeezed unless they also defend themselves in the same way. Furthermore, by this means a fine bulwark will be thrown across the path of the Socialist advance. They have to fight to score off the capitalist, but their assaults on the rest of the community are practically unchallenged.

We have now reviewed the position of the community generally. We realise that it is profoundly unsatisfactory. Our productivity is seriously impaired, and to no small extent this is due to the fact that we deliberately design our fiscal arrangements in such a way as to attract to the fullest extent possible the manufactured products of other countries. The primary problem, then, is that of the adjustment of British work to British workers. Fiscal reform will in no small degree give relief. Let us have discreet import duties in the interest of the home producer—yes, and

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adequate duties upon all manufactured goods wrought of materials which are purchasable at home at reasonable trading prices. I support Fiscal Reform—not for revenue purposes, but in the interest of the home producer. I scorn the idea that unmerited poverty is irremovable.

We are next confronted with the difficulties which arise from our surplus population. Our relations with our own Colonies are at present far from satisfactory in this respect. It is, indeed, not unlikely that Labour influences have been at work. Very significant in this connection is the fact that the Labour Press loses no opportunity of discouraging emigration. Is it not probable that Labour comrades in the Colonies themselves are working in unison? The greater the accumulated poverty is in this country, the better are the prospects of the Socialistic advance. A Fiscal Reform which would foster Colonial trade would, however, demand the presence of additional producers in the Colonies. Furthermore, financial interests will lead to a clearer working basis. Not only must we so

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direct our policy as to secure a far larger emigration, but, at the same time, it becomes more and more necessary to deal firmly with immigrants. What sort of chance has the British waiter with the foreign equivalent—save the mark!—who comes over here for a pittance to learn the language? I would be party to no proposal which threatened our traditional policy with regard to genuine refugees. Surely, though, in their case, if it were found to be absolutely necessary, we could provide a sanctuary island somewhere beneath our flag. This step would obviate that industrial demoralisation which undoubtedly does result from the pitifully cheap labour which foreign immigrants so often throw upon our markets. Refugees apart, I think that it would be desirable to impose a substantial poll-tax, at least for some years, upon all foreign immigrants who land on our shores.

In a sentence, then, I look to these three remedies: Fiscal Reform, organised facilities for increased emigration, and a wise handling of immigrants, to adjust the in-

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equality which at present exists between the work of the country and the workers.

There are other matters, however, which must be dealt with. Does the physique of our producers leave nothing to be desired? We have an ominous warning in the form of a declining birth-rate. Surely no nation with a declining birth-rate is in a sound condition. Beyond this, unhappily, there are other tokens. The growth of insanity and the increase in the numbers of the physically unfit are fraught with disastrous augury for the future. For these men and women, tainted and impaired, are the fathers and mothers of the generation to come, and science warns us that their taints and vices will live in those who follow them. I believe that it is true that the physically unfit are more fertile than the rest. Ought they to be allowed to remain so? The *Referee* has for long been doing brave service in calling attention to various aspects of this question. For the sake of the poor, tainted children, no less than for that of the State, ought those little ones ever to be born? I write not of one class, but of

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all classes. There are persons of all ranks of life whom the State should debar from parentage. The burden which the maintenance of the unfit imposes upon the fit is a heavy and an increasing one. That, however, is of infinitesimal importance when compared with the vital interest of the race. It would be well—exceedingly well—if Science would at last speak out courageously upon this matter. There can be no general practitioner whose case-book is not damning evidence of the monstrous cruelty and folly of our present system. The problem is weighted with difficulty, but it is one which we must face. It is unbrokenly linked to much of the misery and agony of our time. Certainly the future of the race will be in the scales until we deal sanely with it.

This topic recently engaged the attention of the members of the British Association, and Professor Ridgeway dealt with it fearlessly enough. The concluding sentences of his address might well be remembered, and I give them here:—"If the present policy of our legislators were adhered to, the moral and

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physical standard of the British citizen would steadily deteriorate, for the population would gradually come to consist of the posterity of those who were themselves sprung from many generations of the most unfit. Should this unfortunately come to pass, it would be the result of human pride refusing to apply to the human race the laws which inexorably regulate all Nature.”¹

I recognise fully and frankly that the public is not as yet prepared to sanction legislation on these lines, but the necessary propagandist work might well be initiated at once. And surely this need be no party question. The elimination of much of the taint of insanity, the breaking of the entail of suffering which is the gift of vice to its blood heirs—humanity demands nothing less. And yet—ah, the outcry there will be! Yes, and from some of the scientists too. For, strange to tell, it sometimes happens that there is housed in a body diseased a mind most exquisite. And these scientists of ours keep watch over the vitiated streams along which once and again

¹ See the *Times*, September 4th, 1908.

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comes Genius itself. Was there ever such a Moloch? Are the countless thousands to be born to misery and torture just because it may happen that one of them may be a Genius? The sacrifice is unthinkable. If Genius will come in health, well and good; we assuredly must not perpetuate suffering on the off-chance of securing the abnormal.

I have had occasion to comment upon the Socialist proposals for the re-division of wealth. It must not be thought, however, that I am of the opinion that the present basis is either ideal or adequate. Surely the time has come when a vast extension of the excellent results which are secured by profit-sharing might be made. To-day a man's wages are determined by the market value of his labour; under a profit-sharing arrangement he has a further interest in the value of the product, not only of his individual work, but in that of his co-workers. He at once becomes something much more than the mere wage-earner; he has a concern in the efficiency of his fellows and a stake in the success of the undertaking. In this way, too,

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his tenure of employment is made more assured.

Let us have artisan partners in our factories, and peasant proprietors on our land. When once the army of our unemployed is disbanded, this will be comparatively easy of accomplishment. There is, however, no reason why employers should wait till then. The sooner that the profit-sharing basis is extended, the better for the body politic. The identity of interest between employer and employed would then be obvious. It is no less existent to-day, although at times it may be somewhat obscured.

If one had any doubts as to the wisdom of profit-sharing, they would be dispelled by reason of the fact that it is a proposal which, above all others, excites the bitter condemnation of the Socialists.

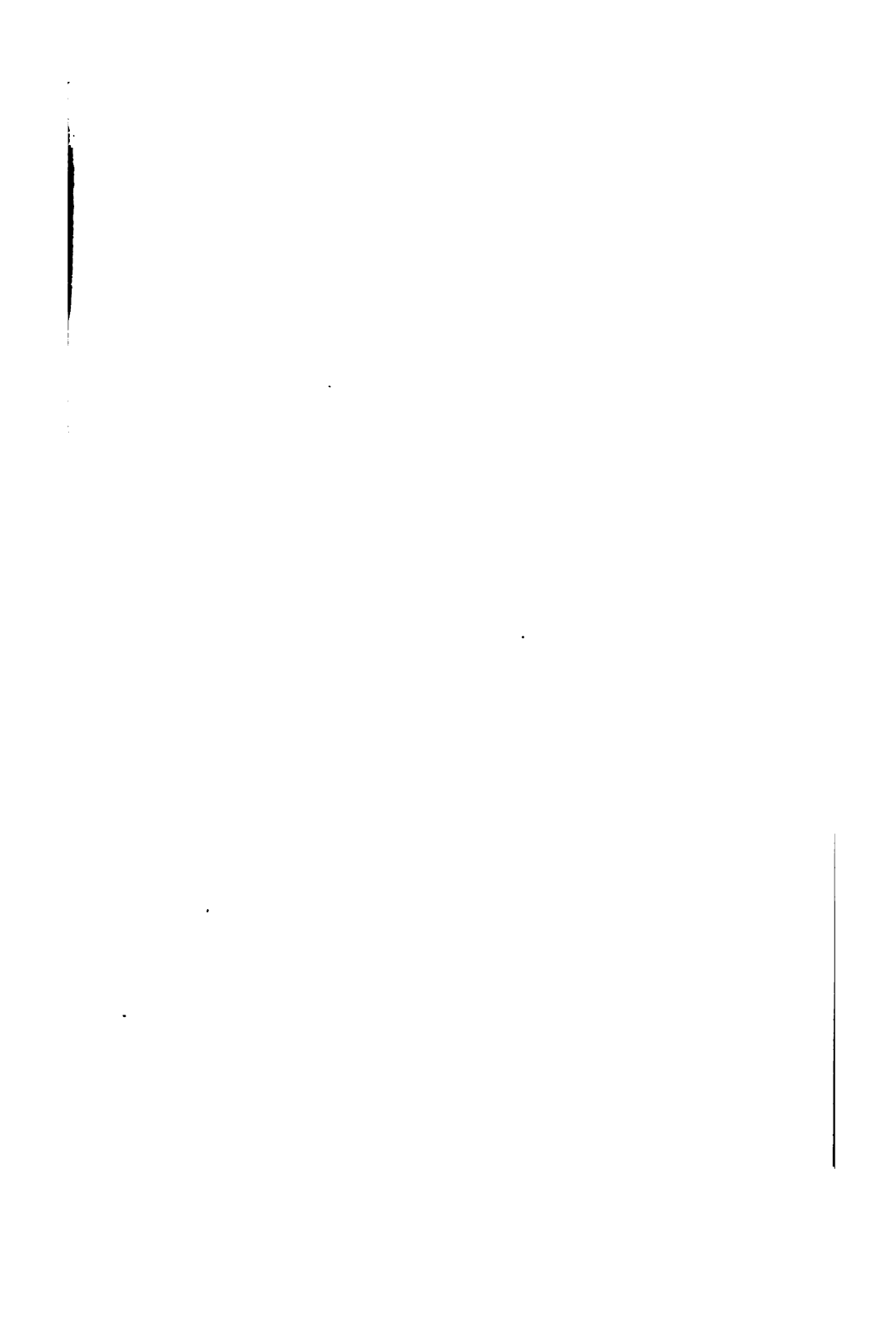
And now my little task is ended. My belief is that society will be able to heal itself. We need no upheaval. Socialism involves an economic revolution, and nothing short of that would subvert the State. Now we do require a revolution, but it is not of an

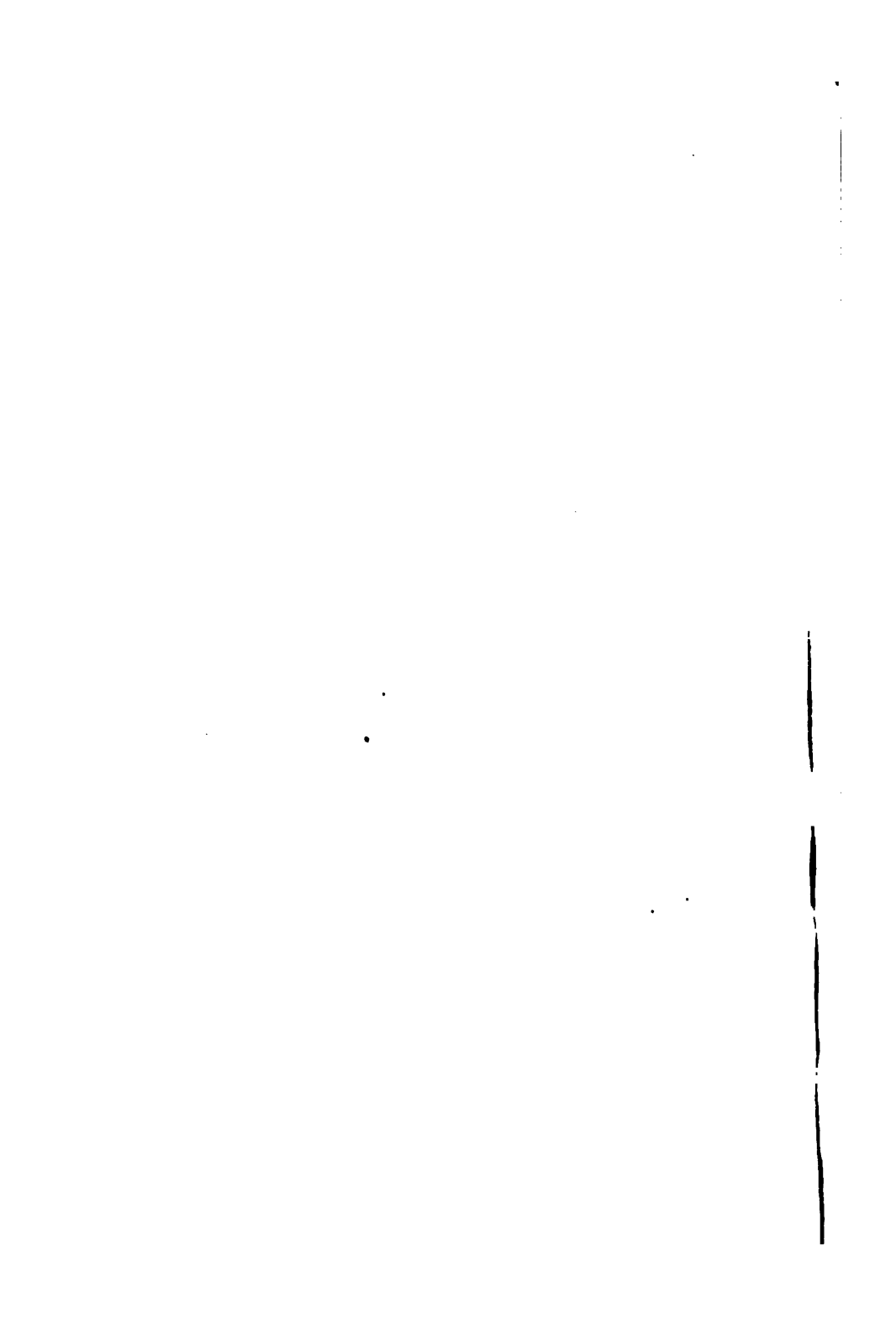
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economic order. We are urgently in need of a revolution upon biological lines. And that would dismay the Socialists. For the whole of their hopes are centred in the improvement of environment. They profess to believe that if they transform surroundings they must inevitably uplift the race. I say *profess*. They can really believe nothing of the sort, for the rich and the well-to-do have just the material environment which they wish to secure for the poor. Yet, according to the Socialist version, so far from the wealthy classes being in a condition of spiritual or moral exaltation, they are mere soulless, selfish blackguards! No, the real influences are those which are human, and *Character* is the force which prevails. If we follow the precepts of biology, we shall gradually, and in time, have about us a people who will triumph over environment.

And Socialism in that day will be but as a tale that is told.

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